

FINANCIAL TIMES

Start the week with...

EU social policy
Directives and disharmony

Dateline
The way the wind blows

Business travel
Kazakhstan: seven essential tips

World Business Newspaper

MONDAY AUGUST 5 1996

USAir in court move to break links with BA

The US courts are to be asked to break the three-year-old link between American airline USAir and British Airways. The move comes as part of the antitrust lawsuit filed by USAir against BA over the UK carrier's plans to form a global alliance with American Airlines. USAir has asked the court to order BA to sell its 24.8 per cent share in USAir and withdraw its two nominee directors. Page 15

Rank to seek £300m from disposals: Rank Organisation, the diversified UK leisure group, plans a disposal programme to raise up to £300m (\$460m) as part of a radical restructuring by chief executive Andrew Teare. Page 15; Lex, Page 14

China poised for mobile phones lead: China Telecom, the country's state telecommunications monopoly, is poised to become the world's largest mobile phone operator, the official China Daily newspaper says. Page 14; New German telecoms law, Page 2

Brussels attacked over VW refusal: The European Commission had no right to intervene in the decision by the Saxony government to grant carmaker Volkswagen DM24bn (\$16bn) of subsidies that Brussels had blocked last month, the east German state's premier said. Page 2

Retailers cautious on overseas growth: UK retailers have become "distinctly more cautious" about overseas expansion and risk losing out to European and US competitors, a survey shows. Page 5

Judicial overhaul for Italy: Italy's centre-left government approved an overhaul of the country's judicial system. Page 2

UK opposition spurs social chapter: The UK opposition Labour party is reducing its commitment to introduce the EU social chapter on working conditions if it enters government. Page 14

Salvesen looks at better Hays offer: Distribution group Christian Salvesen, which rejected a \$1bn (\$1.56bn) takeover approach from Hays, is expected to consider an improved offer from its UK rival. Page 16

National Power team in Australian deal: A consortium led by UK generator National Power won the privatisation auction for an Australian power station with a A\$2.85bn (\$1.8bn) bid. Page 15

Kleinwort faces revolt from UK trust: Independent directors of Kipit, the £500m (\$780m) privatisation investment trust at the centre of a takeover battle, are mounting a revolt against its manager, Kleinwort Benson Investment Management. Page 16; Fund management, Page 16

Japanese grouping in copper project: A Japanese consortium has bought 12 per cent of the \$1.76bn Collahuasi project in Chile, which is destined to become one of the world's biggest copper producers. Page 4

Hong Kong growth forecasts cut: Weakening export growth and fragile consumer sentiment have prompted private sector economists to cut their forecasts for growth in Hong Kong. Page 3

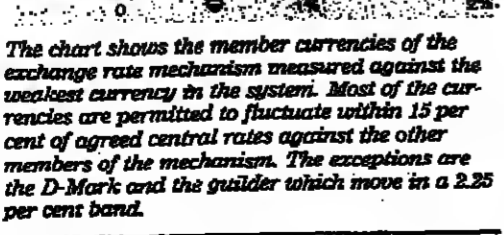
Manila plans to privatise airports: The Philippine government will this week announce plans to privatise most of the country's provincial airports. Page 3

Japanese town rejects nuclear reactor: Residents of Maki, a town of 30,000 people in northern Japan, voted against construction of a reactor in the country's first referendum over a nuclear project. Page 8

Row over Oxford plan: Oxford University faces mounting opposition to its plans to build a business school after a £20m (\$31m) donation by Saudi Arabian entrepreneur Wafic Said. Page 5

European Monetary System: In a week when currency market attention was focused mostly on the dollar, there was little change to the spread of currencies in the EMS grid. The order changed, with the peseta falling below the D-Mark and the schilling amid worries about the state of public finances. The Irish punt slipped two places to the bottom of the grid, due to sterling weakness. Currencies, Page 21

EMS: Grid
August 2, 1996



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

FT.com the FT web site provides online news, comment and analysis at <http://www.ft.com>

Croats under pressure over Mostar

By Laura Silber in Belgrade

The European Union will decide today whether to pull out of the divided Bosnian town of Mostar. Mediators last night held out hope for an 11th-hour compromise after separatist Croats put forward a new proposal in the dispute over their refusal to recognise the new city council.

EU to pull out unless Moslem poll win is recognised

Officials said the EU would withdraw from Mostar if the Croats had not by midnight last night respected the election results which gave the Moslems a 21-16 majority. Mr Carl Bildt, the United Nations envoy in charge of

implementing the civilian side of the peace accord, called for more pressure on Zagreb and warned that failure to resolve the stand-off "is likely to affect the overall relationship between Croats and the outside world".

Mr Michael Portillo, the UK defence secretary, also called for more pressure on the Croats and Serbs and warned: "Sanctions is certainly one of the weapons which the international community must have in its locker."

Sir Martin Garrod, the special envoy for the EU, which has administered Mostar for two years, yesterday made clear that the EU was prepared to pull out as a result of the Croats' intransigence. "We will leave behind a rear party to pay the bills and switch off the lights," he said.

Last night, Mr Dragan Gaskic, the EU spokesman in Mostar, said the Croats had put forward "a new proposal which differs from the previous one, but could [aid] a solution". He refused to give details. "We have a few hours more before the presidency will make a decision. It is now up to the Bosniaks [Moslems] to decide. We are not negotiating, only mediating to help them find a solution," said Mr Gaskic. Diplomats fear an EU pull-out.

Continued on Page 14

Paris to name insider as head of Aérospatiale

By Andrew Jack in Paris and Bernard Gray in London

Mr Yves Michot, the deputy head of Aérospatiale, is to step up to lead the loss-making state-controlled aerospace and defence group, the French government said yesterday.

Mr Yves Michot, the deputy head of Aérospatiale, is to step up to lead the loss-making state-controlled aerospace and defence group, the French government said yesterday.

Mr Michot, a career aviation specialist, becomes a director of the group, paving the way for nomination to the chairmanship by the board and the French cabinet on Wednesday.

Aérospatiale also faces a shake-up of its civil aircraft operations. Airbus, the European passenger jet aircraft consortium in which Aérospatiale has a 38 per cent stake, is likely to be converted to a formal company and floated on European stock markets within two years.

He takes over from Mr Louis Gallois, who was moved on July 23 to take control of SNCF, the French national railway company. SNCF's previous head, Mr Loik le Floch-Prigent, was forced to resign because he was remanded in prison pending inquiries into corruption allegations over his time as head of Elf Aquitaine, the state-controlled oil group.

Mr Michot's appointment should help smooth the proposed merger between Aérospatiale and Dassault, France's military aircraft maker. The proposed merger was announced by President Jacques Chirac this year as part of a controversial shake-up of France's defence industry.

However, negotiations between Mr Gallois and Mr Serge Dassault have made slow progress, apparently because of tensions between the two men. Mr Michot, by

First gold won by black South African



Josiah Thugwane became the first black South African to take gold in the Olympics yesterday when he won the marathon on the last day of the games in Atlanta. South Korean Bong-Ju Lee was second, just 3 secs behind. Olympics, Page 4

Tehran complains to UN about US threats

By Patti Waldmeir in Washington and our Foreign Staff

Iran complained yesterday to the United Nations about the "alarming and threatening" dimensions of statements made by Mr William Perry, the US defence secretary, and Mr Newt Gingrich, the Speaker of the House of Representatives.

Denying US charges of Iranian support or involvement in terrorist activities, Tehran said it was the victim of "state terrorism" by the US. Iran's move followed weekend comments by Mr Perry that Washington would take strong action against any country proved to be involved in the June truck bombing that killed 19 US airmen in Saudi Arabia.

Mr Ali Akbar Velayati, the Iranian foreign minister, urged Mr Boutros Boutros-Ghali, the UN secretary-general, to prevent the dangerous consequences that such acts could entail for world peace and stability. Mr Perry also said he had ordered 700 military dependents and children to leave Saudi Arabia because he feared a further wave of terrorism. US troops in the

Continued on Page 14

Dole tries to make up lost ground with tax-cuts plan

By Patti Waldmeir in Washington

Mr Bob Dole, the Republican presidential contender who is behind in the polls and spurned even by some in his own party, is trying to make up ground by adding an attractive new tax-cut package to his ticket and by unveiling an ambitious tax-cutting economic plan.

Reversing the tax changes would bring the top marginal rate of income tax down to 31 per cent from 38.6 per cent. Mr Donald Rumsfeld, who helped write the plan, said "every taxpayer in the country" would benefit from a "progressive" package, which is expected to include cuts in capital gains taxes and making social security payments tax-deductible.

John Engler, Weekend newspaper reports said a surprise candidate was still a possibility. In his economic package, Senator Trent Lott, Senate majority leader, yesterday said he expected that Mr Dole would propose reversing most, if not all, the Clinton tax increases.

With the Republican party convention due to begin next Monday, Mr Dole's advisers say their candidate is entering the most important period of his campaign, one in which they hope he will overcome President Bill Clinton's double-digit lead in the opinion polls.

Days after announcing the plan, Mr Dole is expected to reveal the decision which he has long said is the most important of his campaign: the name of his vice-presidential running mate.

Mr Dole hopes the proposed tax cuts will capture the imagination of middle-class voters who feel they have lost out in the current economic recovery, without arousing their fears of a ballooning federal budget deficit.

In Chicago later today Mr Dole will unveil his plan for significant tax cuts, designed to put the Democratic party on the defensive. Last-minute changes are still possible, but Republican sources were last night expecting Mr Dole to propose the repeal of President Clinton's 1993 tax increases.

Campaign officials say he will do this on Saturday, in his home town of Russell, Kansas. Leading contenders for the vice-presidential slot are Mr Carroll Campbell, the former governor of South Carolina; Senator John McCain of Arizona; the Vietnam war veteran Senator Connie Mack of Florida; and the conservative Governor of Michigan, Mr

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NEWS: INTERNATIONAL

Brussels stance on VW grant attacked

By Judy Dempsey in Bonn The European Commission had no right to intervene in the decision by the Saxony government to grant Volkswagen the car manufacturer's...

Commission of "making politics" that had nothing to do with its main role, suggesting Saxony and Brussels were set on a collision course.

The German government last week said Saxony's defiance of Brussels amounted to breaching EU law, but it has exerted little pressure on Mr Biedenkopf to change his mind.

Under special subsidy arrangements for eastern Germany, agreed between Brussels and the German government...

The nub of the issue between Saxony and Brussels is that after its initial decision to invest, Volkswagen scaled down its investments...

The first major parliamentary hurdle has been overcome for the formation of a special commission to draw up proposals for the reform of Italy's 1948 constitution.

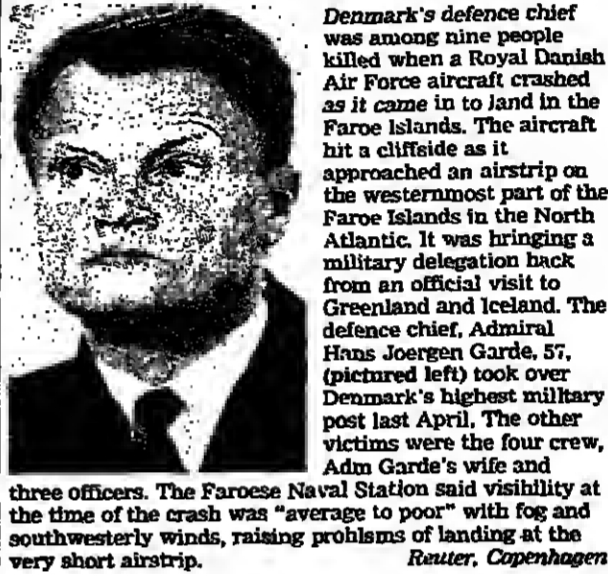
INTERNATIONAL NEWS DIGEST

Constitutional reform in Italy receives boost

The chamber of deputies endorsed over the weekend a draft for setting up the commission just before closing for the summer recess. This adopted proposals already approved by the senate...

The commission has a broad brief that ranges from reinforcing the powers of the executive and re-examining the roles of the head of state and prime minister to introducing a more federal structure for the Italian state.

Danish defence chief killed



Denmark's defence chief was among nine people killed when a Royal Danish Air Force aircraft crashed as it came in to land in the Faroe Islands...

Visitors to Egypt have increased by 31.9 per cent in the first six months of this year, despite fears that the murder of 17 Greek tourists by Islamist gunmen in April would severely hurt tourism.

Greek protesters injured

Two protesters were injured in scuffles at the weekend between Greek coastguards and members of PNO, the Greek seaman's union, who were trying to stop the Marco Polo, a UK-owned cruise ship, docking in Piraeus.

World fishing body urged

An international fisheries congress has concluded in Brisbane amid suggestions that an international body needs to be established to oversee the world's \$70bn fishing industry.

Rome plans judicial overhaul

Italy's centre-left government has approved a major overhaul of the country's creaking judicial system. The measures were drawn up by Mr Giovanni Maria Flick, a prominent lawyer and jurist...

Another approach to preventing courts being overloaded with minor cases will be expansion of the use of justices of the peace (Caudet di Pace). The justices' sentencing powers, limited to non-custodial areas, will be extended to allow more discretion on fines for minor crimes.

To tackle the backlog of some 2m civil cases, panels will be set up formed of retired members of the judiciary, retired lawyers and academics.

The cabinet also approved new rules to tighten professional standards and avoid conflicts of interest. Both these elements have contributed to high levels of corruption that have permeated the judicial system.

Expectations mixed on new telecoms law

Germany's new telecoms law has been hailed as one of the most important to pass through parliament this session, largely because of expectations that it will cut industry costs and spur competition in Germany's telecoms market.



Source: Mannesmann Mobilfunk

But executives at many of Germany's biggest companies are left wondering whether the details will actually permit the competition which the law envisaged.

"The law is in many cases not specific enough and much will be left to the discretion of the regulatory authority," Mr Eickers said. "The question is: will the future regulator be aggressive enough against Deutsche Telekom?"

Mr Wolfgang Böttsch, telecoms minister, hopes that will encourage all sorts of companies, especially smaller ones, to have a go at Deutsche Telekom, the monopoly which still has a 95 per cent share of the market for telecoms services.

Executives at the fledgling operators are also worried that the regulator will be a politician rather than an executive with a strong management record able to push through tough decisions.

Instead Mr Böttsch ensured new operators could nominate any region - northern Berlin, for instance - and offer telecoms services to it.

As Germany now edges towards full-scale liberalisation of the telecoms market to fixed staff qualified to do the job at a time when many of the civil servants at the telecoms ministry may well be lured away by more lucrative private sector jobs.

How much prices will fall once there is competition also remains unclear. The telecoms ministry proudly points to mobile phone contracts which have fallen considerably since the service was liberalised in 1992.

They enjoy lucrative regional electricity monopolies and are likely, Prof Möschel says, to transfer their "monopoly mentality" to the telecoms market.

Meanwhile, Deutsche Telekom hopes it can use the 18 months remaining before full liberalisation to learn the marketing skills with which it hopes will enable it to hang on to 70 per cent of the telecoms business in Germany.

"After all," says Mr Jürgen Kindervater, Deutsche Telekom's spokesman, "because of their own monopolies the electricity utilities are hardly marketing wizards. When they wanted to raise prices they simply put an extra couple of pennings on the electricity bill and that was it."

Michael Lindemann

Dutch government declares war on 'hairnet army' image

The "hairnet army" is no more. Two Dutch servicemen on manoeuvres in Italy were sent home late last month because their locks were unacceptably long, signalling the end of Europe's most indulgent military machine.



Unique in the world: the Dutch army's Bicycle Band practise at their headquarters. The latest moves signal the end of Europe's most indulgent military machine.

Units have been dissolved or reorganised, and the speed of the changes, under the three party left-liberal coalition which took office two years ago, brought dismay in senior ranks.

Control of the United Nations operation was in international political hands and he felt powerless.

Mr Joris Voorhoeve, defence minister, acknowledged there had been misjudgments and poor communication.

But for a government anxious to assure European partners that its tolerance of cannabis use at home does not extend either to other illicit substances or to citizens it sends abroad in Queen Beatrix's service, the 18 month sentences a court imposed appear satisfactory.

He pleaded advice from private sector companies such as Akzo Nobel, the chemicals producer, which had itself been through a big reorganisation.

And if the army was a business, its product was in demand. A Dutch battalion played a prominent role in the peacekeeping operation

Although both political movements have grown strongly recently - the present government is led by the Refah Islamist party - even apolitical Turks look back at the period with pride.

Still, Enver, as he is still known - surnames were only introduced 70 years ago and the honorific Pasha

Turks exhume the past with Enver's reburial

The mortal remains of Enver Pasha, a founder of the Young Turks political movement in the dying days of the Ottoman empire and later a rootless political adventurer, returned to Turkey at the weekend 74 years after his death.

Enver was feted as a national hero when his body was buried in Istanbul yesterday. President Süleyman Demirel presided over the ceremony.

Enver was once reviled as the dictator who took the Ottoman empire into the first world war on Germany's side and as traitor to Kemal Atatürk, founder of modern Turkey.

Enver also popularised the Pan Turkist political movement, which is enjoying a revival in Turkey. He dreamed of uniting the Turkic peoples from the

Mediterranean to China. Recent governments have attempted to forge links with the Turkic republics of former Soviet central Asia. After 1918 Enver escaped to Germany and then to central Asia, where he fought the Soviets at the head of a guerrilla army and ruled briefly as Emir of Bokhara before Lenin sent 100,000 troops to crush resistance. Enver died in a suicidal cavalry charge in Tajikistan against the Soviets.

سوريا من الاجل

سكرا من الامل

NEWS: INTERNATIONAL

Japan town rejects N-reactor

By Eniko Terazono in Tokyo

The Japanese government received a setback yesterday as residents of Maki, a town of 30,000 people in northern Japan, voted against construction of a reactor in the country's first referendum over a nuclear project.

environmentalist candidate in a mayoral election in the city of Suzu, in western Japan, yesterday's vote is likely to increase the amount of time and government subsidies needed to promote the building of nuclear power plants.

Slowing exports cut HK growth forecasts

By Louise Lucas in Hong Kong

Weakening export growth and fragile consumer sentiment have prompted private sector economists to cut their forecasts for growth in Hong Kong this year, suggesting the economy may not be as buoyant as it had been expected to be in the run-up to the handover of sovereignty to China in 1997.

Tough poker game for Barshefsky

Tokyo held all the cards in chip talks, write Nancy Dunne and Michio Nakamoto

Ms Charlene Barshefsky's expected reappointment as acting US trade representative will come as some consolation to her after her disappointment in the semiconductor negotiations with Japan.



When chips were down, Kantor (left) tried Japan, which took a hard line with Barshefsky

for the tactics of Mr Mickey Kantor, the US commerce secretary and former US trade representative, who annoyed his Japanese counterparts and hardened their negotiating stance.

Philippines plans airport privatisation

By Edward Luce in Manila

The Philippine government will this week announce plans to privatise the majority of the country's provincial airports over the next few years. The programme, following liberalisation of the domestic airline industry in 1994, initially will target the leading international airport in Manila and the largest provincial airports.

transport. "What we are saying is that private sector groups can look at each case and decide which is the best type of privatisation to put forward. We will then decide on merit."

Mexico aims to lengthen IMF repayment period

By Leslie Crawford in Mexico City

Mexico plans to seek an agreement with the International Monetary Fund to lengthen the repayment schedule of the \$12.5bn borrowed from the IMF during last year's financial crisis.

expire this month. Mexico has drawn down \$12.5bn of that amount and the Bank of Mexico said it would not use the remaining available funds. The main purpose of the extension, finance officials said, was to keep the IMF's "seal of approval" for Mexico's economic programme.

that will allow it to buy dollars in the foreign exchange market for the first time since the peso devaluation of December 1994.

Seoul's current account deficit has sparked attack on 'unnecessary overseas luxuries' Mr and Mrs High-Spender become pariahs

Effigies of a wealthy couple labelled Mr "High-spending nouveau riche decadence" and Mrs "Nations-destroying consumer of luxurious foreign goods" were recently burned in a Seoul public park.

travel and luxuries. The term is synonymous in Korea with foreign products. The public gnashing of teeth over imported consumer goods, which accounted for only 11 per cent of total imports last year, is in response to predictions that Korea will suffer a record current account deficit of at least \$12bn in 1996.

looming trade disputes with the US on telecommunications and other issues. Given the prickly nature of US-Korean trade relations, "it matters a great deal whether you are from a country where the president can ask people not to buy imports. We make every effort here to make it clear that Korea is no longer such a country," said Mr Lee Sang-jik, head of the Korea Foreign Trade Association in Washington.

account deficit. For example, it recently proposed new tax-free savings accounts and other financial incentives to encourage frugality.

less "luxury" spending. One indication of the new consumer mood was the record number of overseas departures from Seoul's Gimpo airport last week.

Half of the budget for the average Korean traveller abroad is spent on shopping compared with 3 per cent for sightseeing. The government has now imposed a \$5,000 limit on monthly credit card use overseas to curtail the shopping tours. Violators risk a prison term.

Megawati to face police

Ms Megawati Soekarnoputri, the ousted Indonesian opposition leader, is due to face police questioning today as the authorities push ahead with a crackdown on dissidents associated with recent riots. Meanwhile, the official Antara news agency has reported that the government has imposed a travel ban on an unspecified number of people who participated in a free speech forum held outside the offices of the opposition Indonesian Democracy party (PDI).

Taipei unveils typhoon relief

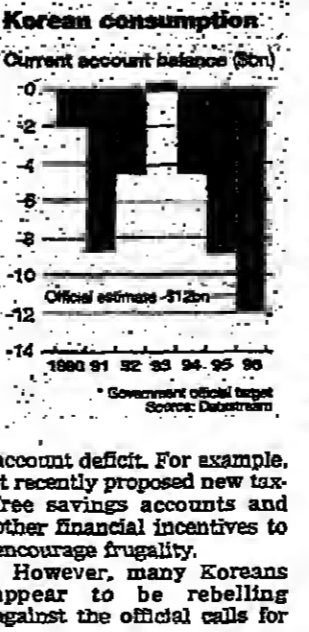
Taiwan at the weekend declared 13 of 21 counties major disaster areas in the wake of Typhoon Herb, which claimed at least 31 lives and caused \$16.7bn in damage to agriculture, fisheries and industry at the end of last week. The cabinet announced low-cost loans for those affected and an easing of imports of fresh vegetables.

Sri Lankan troops advance

Sri Lankan troops backed by tanks and air support retook a thrust against Tamil Tiger rebels in the north yesterday as authorities braced for a flood of refugees fleeing the fighting, military and aid officials said. Air force bombers and helicopter gunships pounded rebel positions as troops resumed their advance at dawn towards rebel-held Kilinochchi, 229km north of Colombo, after a week-long lull.

China targets counterfeiters

China plans to improve the printing of money and has set up a team of investigators to foil growing counterfeiting, the official Business Weekly reported yesterday. Experts are looking into special inks and China will import sophisticated printing equipment, said the English-language newspaper quoting a central bank official. Last year, police confiscated nearly 700,000 (\$12m) in counterfeit banknotes, a 30 per cent increase from 1994.



reburial

protesters injured

attracts more tourists

defence chief killed

institutional reform in Italy receives boost

NEWS: INTERNATIONAL

Japanese stake in Chilean producer

By Kenneth Gooding
A Japanese consortium has bought 13 per cent of the \$1.76bn Collahuasi project in Chile...

UK finds help for metal review

By Clay Harris and Kenneth Gooding in London

Britain's Securities and Investments Board has called in the National Economic Research Associates...

It will mark the interim stage in its review, due to be completed by the end of this year. Nera, the UK branch of the US group Marsh McLennan...

only 200 and a budget of £20m. Nera was carrying out on its behalf basic economic research with the London Metal Exchange and other international exchanges.

Meanwhile, there was another indication that the copper market was returning to normal after recent turbulence when the London Clearing House cut the initial margin...

US proposes overhaul of derivatives

By Laurie Morse in Chicago

A bipartisan team of senators has proposed an overhaul of US derivatives trading regulation which would give more powers to futures regulators...

In a rare reversal, the Lugar/Leahy proposals would leave US futures exchanges free to introduce new products...

Japanese smelters left rich legacy

A pool has gained most from efforts of Sumitomo Corp's former copper trader

Ask anyone at the sharp end of the copper business who stood to gain most from the efforts of Mr Yasuo Hamanaka...

A Chilean judge has sentenced Mr Juan Pablo Davila, the disgraced copper trader to three years in jail for tax evasion in the first conviction from a 1994 futures trading scandal...

Mr Davila, who still faces fraud charges, was accused of failing to declare \$20m pesos on his income tax forms in 1993. At the time he was a futures trader at Codelco...

\$175m, leading to a scandal that forced Codelco's president to resign. Commodities markets around the world were shocked.

Mr Davila originally said the losses were due to trading errors which he tried to cover in risky speculative deals. But he was later charged with fraud, and in January was arrested.

Yel the Japanese industry often denies the existence of this pool. Fedantics would say this is correct. The pool is not a legal entity, but for some of the world's biggest copper mines it is a very potent force indeed.

Valley in Canada and Ok Tedi in Papua New Guinea. The list used to include Bougainville, another big mine in Papua New Guinea.

locally to refined copper. So, unique among copper producing and consuming countries, Japan has six "custom" copper smelters...

Those who believe this strategy was the prime motive for Mr Hamanaka's actions suggest that regulators investigating the circumstances in which he is alleged to have made losses of \$1.5bn would do well to ask why the most powerful person in the copper market, able to move it virtually at will, always shopped prices in the same direction - upwards.

Other traders and merchants are as happy making profits when prices are falling as when they are rising. Although a long-term strategy was being implemented by Mr Hamanaka, if you believe this theory, there have been some short-term gains for the smelter pool.

Members of the pool are the owners of Japan's six copper smelters: Dowia Mining; Furukawa; Nippon Mining; Mitsubishi Materials; Mitsui Mining & Smelting and Sumitomo Metal Mining.

Most of the time these companies do individual deals with suppliers. But when the mine involved is particularly big and important, they gather together and negotiate as a powerful group, taking it in turns to act as leader.

Those in the industry who argue that Mr Hamanaka was working as much on behalf of the smelter pool as for Sumitomo point out that one sure way of ensuring there were no shortages was to keep the price of refined copper high enough to encourage investment in new mining capacity.

It is now clear that Mr Hamanaka, by his efforts on the LME, did manage for a long time to keep copper prices higher than they otherwise might have been. This, in turn, encouraged an unprecedented investment by mining companies in new copper capacity...

Nevertheless, Mr Hamanaka's legacy will be enormously beneficial for the Japanese smelter pool. Analysts say so much new mining capacity will start up in the next few years that there will be a huge surplus of concentrate.

Collahuasi's shareholders will provide \$740m in equity and subordinated loans. The mine is scheduled to begin commercial production by January 1999 and to produce 330,000 tonnes of copper a year in concentrate and 50,000 tonnes in cathodes at an estimated cash production cost of between \$0 and 53 cents a pound (\$1,102 and \$1,168 a tonne).

In the 1960s and 1970s, when it became clear the country would be needing huge tonnages of copper, it was decided that the balance of trade would benefit if Japan imported cheaper copper concentrates (materials containing 20 to 45 per cent copper) and upgraded them

to refined copper. So, unique among copper producing and consuming countries, Japan has six "custom" copper smelters, or plants that take raw material from outside sources. Other countries with smelting capacity have only one or two custom plants plus some owned by integrated companies that do everything from exploring for copper to producing the refined metal.

Those who believe this strategy was the prime motive for Mr Hamanaka's actions suggest that regulators investigating the circumstances in which he is alleged to have made losses of \$1.5bn would do well to ask why the most powerful person in the copper market, able to move it virtually at will, always shopped prices in the same direction - upwards.

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Most of the time these companies do individual deals with suppliers. But when the mine involved is particularly big and important, they gather together and negotiate as a powerful group, taking it in turns to act as leader. Last year the pool negotiated terms for 800,000 tonnes of copper concentrates (an intermediates material) or more than 20 per cent of the 3.6m tonnes Japan imported.

In the 1960s and 1970s, when it became clear the country would be needing huge tonnages of copper, it was decided that the balance of trade would benefit if Japan imported cheaper copper concentrates (materials containing 20 to 45 per cent copper) and upgraded them locally to refined copper.

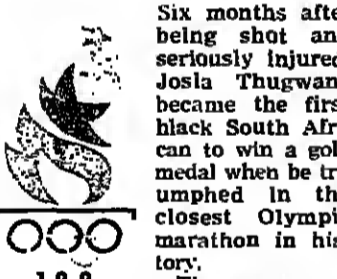
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ATLANTA OLYMPICS

Marathon - by 3 seconds



Six months after being shot and seriously injured, Josia Thugwane became the first black South African to win a gold medal when he triumphed in the closest Olympic marathon in history.

then ran to a crowd of his countrymen, one of whom lifted him off his feet and handed him a South African flag. President Nelson Mandela interrupted a meeting to call Thugwane "South Africa's golden boy" and an example to black youth.

injury he suffered when he jumped from the car, and he needed medical treatment for several weeks before regaining fitness. "I thought it may not be possible for me to run again. But my employers gave me the best support possible, they paid for all my treatment," he said.

wane made his final surge at the last water station. Lee and Wainaina could not quite match his pace. With Cape Town making a bid for the 2004 Olympics, it was important for a black South African to raise the profile of the games in his home country.

Cuba finds success in the belly of the Beast

Slogans are still in vogue in Cuba, and the island's Olympic athletes were sent to Atlanta with a resounding official motto: "We will not achieve less than the homeland expects of us!"

ATLANTA DIGEST

Russians athletes reinstated

An arbitration court yesterday reinstated two Russian athletes who had been stripped of their Olympic medals after testing positive for a banned drug. The court of arbitration for sport ruled there was insufficient evidence to disqualify swimmer Andrei Korneyev and Greco-Roman wrestler Zafar Guliyev.

Privately run games condemned

IOC president Juan Antonio Samaranch said the Atlanta games could have been improved, and suggested he would not support a privately-funded Olympics again. Samaranch said in an interview he was not happy about a series of problems that included long delays for athletes on arrival, transport difficulties and a sub-standard results and information service.

Time to convert gold to dollars

Once the medals are counted and Atlanta's Olympic store closed, it is time to begin cashing in. The General Mills food company is receiving over 300 calls a day from consumers eager to nominate athletes for the "Breakfast of Champions" panel on each Wheaties breakfast cereal box.

ball stars, knows the young gymnast's squeaky Donald Duck-like vocal delivery is only cute the first time one hears it. Steinberg says the Strug family is already affluent - her father is a West Coast heart surgeon - and will be very selective about where the dollars come from. They will choose "just three or four primary associations" and then found a charitable foundation in her name.



Boxer Muhammad Ali won an Olympic gold medal in 1960 - but threw it in a river after being refused service in an all-white US restaurant. He wears a replacement awarded him in Atlanta

IOC president Juan Antonio Samaranch is the quickest and best in the world, is to be cut into pieces 60cm square. Each of the 100,000 slabs will be sold for a minimum of \$19.96 - more if it is incorporated in a framed poster. The yield of close to \$2m will be the biggest single payback from the salvage sale, but the Atlanta organisers are hoping for a large demand for the

38,000 navy blue bucket seats, each emblazoned with the Olympic logo, that are also to be sold. There could be demand for chunks of the track from the middle- and long-distance runners, their legs drained by long laps on the unyielding surface. They would want to buy it, if only to ensure it is ripped up.

But this proud and prickly Caribbean nation of 11m people again showed it can beat the world's sporting giants, including its political arch-enemy the US, in events as varied as baseball, boxing and volleyball.

Cuba's participation was given added spice by President Fidel Castro, who described the Cuban team as a "delegation of patriots" competing "in the belly of the Beast" - the US.

Cuba's gold medal in baseball was especially sweet, even though the Cubans were defending the title they won in Barcelona and are the reigning amateur world champions.

IOC president Juan Antonio Samaranch is the quickest and best in the world, is to be cut into pieces 60cm square. Each of the 100,000 slabs will be sold for a minimum of \$19.96 - more if it is incorporated in a framed poster.

But the Cuban leader will be pleased that after the embarrassing defection of three Cuban sports stars - one baseball pitcher and two boxers - to the US before the games, no other Cuban athletes have decided to stay behind. Cuban athletes no doubt remember the stern promises pep talk given by Mr Castro, who warned history would never forgive them if they betrayed the homeland.



Table with 2 columns: Sport and Results. Includes Athletics (Men's 4x400m relay, Women's 4x100m relay), Baseball, Football, Hockey, Cycling, Basketball, and Boxing.

IBM logo and text: Worldwide Information Technology Sponsor. www.atlanta.olympic.org

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SPORT

What price success?

Some doubt Newcastle's wisdom in paying £15m for Alan Shearer, writes Michael Thompson-Noel

Confirmation that England's Premier-ship division has become the richest, most alluring soccer competition in Europe could be discerned in the wry-brodering-on-sour reaction in Italy and Spain to Alan Shearer's 100-mile hop from one Premier-ship club, Blackburn Rovers, to another, Newcastle United, for a world record transfer fee of £15m (\$23.3m). The previous record was £13m, paid to PSV Eindhoven of the Netherlands by Spain's Barcelona earlier last week for Brazil's Ronaldo, and by Italy's AC Milan to Torino in 1992 for Gianluigi Lentini.

"Shearer: a record transfer in the now-richest European soccer league," was the headline in Italy's La Repubblica. However, El Mundo Deportivo, a Barcelona-based sports daily, wrung some merriment from Shearer's move, proclaiming "Ronaldo is worth more." Its story suggested Shearer might flop at Newcastle.

Kevin Keegan, Newcastle's increasingly gung-ho manager, says he expects this week to reveal further details of Shearer's transfer, which might give sports analysts more to chew on. Inconspicuously, the fee paid by Newcastle drew a critical response from the kamikaze stars of Britain's tabloid sports desks - which showed

how vulnerable Keegan would be if Shearer proved a disappointment. The new season starts on August 17. If Shearer's form at Newcastle is deemed by the kamikazes to be worth a penny less than £15m, stand by for explosions. But how many goals will he have to score to satisfy?

Keegan has not done badly at Newcastle. He just hasn't won anything. Yet his spending on players totals £51.6m. Shearer's £15m was twice what Keegan paid for Colombian Faustino Asprilla last season. Les Ferdinand cost £5m, Warren Barton £4m, David Batty £3.75m. Seven of Keegan's purchases cost £1m-£2.7m. Only two, John Beresford and Robert Lee, cost less than £1m. Unless Shearer slots effortlessly in at Newcastle, the knives - already out - will cleave the Tyneside air.

Gary Bowers, a Blackburn fanatic - he lives near the ground, is vice-chairman of Rovers' Independent Supporters' Association and has watched the team's games for 30 years - has mixed feelings about Shearer's departure. "While we owe Alan Shearer a lot," says Bowers, "we were not a one-man team as people have made out. Blackburn Rovers will carry on - it is not Shearer Rovers. He's been great for us and I wish him well. But I honestly can't see Shearer

reproducing the same form on Tyneside. Alan and Kevin Keegan will be under more pressure than any player or manager in history to win something."

While the size of Shearer's transfer fee infuriated the kamikazes, it delighted the bookmakers, who said the move had galvanised pre-season soccer betting. Sports betting, as distinct from betting on horse or dog races, is now big business. This comforts Britain's bookies, who have seen the volume of horse race betting eroded by competition from the UK's national lottery.

However, value-seekers should ignore current Premiership odds, at least as far as the top three teams are concerned. Among the Big Three bookies (Coral, Hill and Ladbroke), champions Manchester United are a best-quoted 2-1 at Coral. Newcastle are 5-2 (Ladbroke) and Liverpool 7-2 (Coral and Hill). There is no room there to swing a cat. As the season progresses better odds will become available. If only fleetingly.

Each-way bettors, on the other hand, might want to ponder Aston Villa (20-1), Chelsea (25-1), Blackburn (33-1) and Middlesbrough (50-1). Or not.

There was some soul-baring last week in Kungs-



Alan Shearer (No 9): to avoid the tabloids' ire, he must step cleverly at Newcastle United

ing, we must hope, 91 per cent or better.

In LA, Germany's Michael Stich was as frank as Montgomerie after losing 3-6 4-6 to Australia's Scott Dreper in the first round of the Infiniti Open. "I have no excuses," said the fourth seed crisply. "I played terrible and he didn't play much better. He just got a couple more shots and won." This sort of thing could catch on. Perhaps Britain's returning Olympic Games squad - only modestly humbled by medals - is planning a day of public penance.

The men who run sports clubs know a lot about tactics, strategy - and caution. Alistair Hood, for example, is the security chief at soccer's Glasgow Rangers, and has tried to quell fears about this month's visit by Rangers to ravaged Chechnya.

On August 21 the Scottish champions play Alania Vladikavkaz in the away leg of a Champions League preliminary round. Rangers host the Russians in the home leg at Ibrox in two days' time and are hoping to strike it rich, even though Paul Gas-

coigne is banned for both legs. Hood has visited Vladikavkaz, and insists: "As far as the war there is concerned, I understand the fighting is 50 miles east of Vladikavkaz. I was told [that] if it is to spread, it would spread eastwards." Eastwards... westwards. One trusts nothing got flipped in translation.

Colin Amery - Architecture

Building on the freedom of the city

In a recent interview in Perspectives on Architecture magazine, Michael Cassidy, departing chairman of the policy and resources committee of the Corporation of London, announced he was against any form of strategic planning in the City of London. In his view, any masterplan delayed things and inhibited a "free and open approach to planning".

There spoke the voice of laissez-faire-man. Cassidy could have been one of those who thwarted Christopher Wren's magnificent plan for rebuilding the City after the great fire of London in 1666 because it didn't follow existing street patterns.

This free and easy approach is one of the reasons that Britain's cities are not full of grand visions, but reflect the general middle of our lives. London is a free-for-all, and Cassidy would say that this is why it works.

He also makes clear that, as he is the servant of one of the world's financial centres, he is as concerned to ensure that the insides of new buildings work well for the occupants as he is about external appearances. But he also wants those who build in the City to be encouraged to commission the best architecture.

He should be delighted with a proposal being promoted by the British Land Company for the replacement of Plantation House on Fenchurch Street. A planning application is on the table for 100,000 sq m of office space in a

new building designed by Arup Associates. This firm has more than once won the Financial Times architecture award and has a reputation for creating serious modern buildings that are often innovative in their engineering and services.

To replace Plantation House, James Burland of Arup plans a great glass spiral at the heart of a group of three buildings. He is

rightly keen to make a contribution to the City's skyline with an elegant glass tower. In this part of the City there are no conflicts with the rules that govern views of Saint Paul's Cathedral, so there is no reason why this handsome stepped structure should not be higher than its proposed 25 floors. In fact, architecturally it seems to demand more height. There is a demand for higher buildings in the City, and no reason why they cannot be built.

In the City today, the controls on through traffic - made necessary by terrorism - have made it a much more agreeable place for pedestrians. The new proposals for Plantation House bring considerable life to the public levels and encourage pedestrian activity. There will be a handsome glass gallery lined with shops

and cafes. The setting of the Wren church of St Margaret Patens will be affected by the development, but it should be for the better as the new designs are light and reflective and will not overwhelm the church.

This is important: there has been a church on the site for more than 900 years. Wren's spire for St Margaret's is tall, polygonal and covered in lead. It looks like an early example of medieval revivalism and its setting must be enhanced by any new building. Wren would surely have built high in the City if he was building today, and I suspect he would have admired the ingenuity of Arup's proposals.

BUSINESS TRAVEL

Travel News - Roger Bray

Pan Am is reborn

The Pan American name will be flying again by early September as a new company bearing the old name takes to the air.

Initially it will stick to routes within the US, starting with flights from New York to Miami and LA. It plans to add San Francisco, Chicago and San Juan, Puerto Rico. The new airline's A300 Airbus will sport the same paint job as aircraft operated by the old Pan Am, which finally bit the dust in 1991 after a long and painful decline. Its name has been bought for \$1.3m (\$244,156) by Martin Shugrue, once vice-chairman of the original company.

Bump in the flight

The European Commission is to review rules compelling airlines to compensate passengers humped off overbooked flights. Consumer groups believe one question badly needs settling: should the amount carriers pay bumpers relate only to that part of a journey on which the over-booking occurs, or should it reflect the total time wasted by passengers

in reaching their final destinations? The Air Transport Users' Council, a UK consumer watchdog, believes the whole journey should be taken into account. Clarification is important because compensation, calculated in Euros, increases both with the length of trip and the delay.

The rules apply not only to EU-based carriers but to airlines flying in and out of member states.

Dengue fever alert

Malaysia has been hit by an outbreak of dengue fever. The disease, for which there is no immunisation, is carried by mosquitoes and occurs mostly in densely populated areas. With an incubation period of between five and eight days, it can be extremely unpleasant. However, the more severe haemorrhagic variety can be fatal. The disease is affecting the Kuala Lumpur area and the states of Selangor, Johor, Perak, Pahang and Penang.

London's Berkeley Travel Clinic says the disease is also a problem in Indonesia and central America. The clinic recommends using a deet-based repellent, or one combining deet and permethrin. Travellers are advised to contact a doctor if they experience flu-like symptoms.

Good news on perks

Perks for air passengers flying from the UK, such as limousines to the airport, have been exempted from value added tax. However, celebration would be premature, for the exemption is only on a trial basis.

Officials have agreed with the airline industry that such extras may be treated as an integral part of transport, which is zero-rated. Such extras must be covered by the ticket price.

Increase for Africa

African airports showed the biggest increase in passenger traffic during the first three months of this year, according to Airports Council International. A rise of 11.6 per cent was recorded by the Geneva-based organisation's 32 member airports in the region. Europe saw an increase of 9.4 per cent, equivalent to nearly 14m more travellers.

UK trips rise

Business travel in England rocketed last year. The number of overnight trips rose 18 per cent to 12.6m, generating total spending of more than £1.6bn, says the English Tourist Board. The figures refer only to domestic business travellers, not those arriving from abroad.

Likely weather in the leading business centres

City	Mon	Tue	Wed	Thur	Fri
Hong Kong	28-31	28-30	27-30	27-30	27-30
Frankfurt	25-27	25-27	24-26	24-26	24-26
London	24-26	24-26	24-26	24-26	24-26
Amman	24-26	24-26	24-26	24-26	24-26
Beirut	24-26	24-26	24-26	24-26	24-26
Damascus	24-26	24-26	24-26	24-26	24-26

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Almaty adventure

A trip to the capital of Kazakhstan can be a challenge but there are some bargains to be had in rugs, finds Gary Mead

Being greeted by local officials with clout is Rule 1 of the Almaty adventure. On arrival we were plucked up by a mother hen who showed us through a separate entrance of the airport. There we stood - no seats available - for two hours. We were lucky. Miserable non-VIPs normally need twice as long to get their page-size visa.

An adjunct to Rule 1 is to ensure that your hosts get your visa officially "validated" during the course of your stay. This is an obscure bureaucratic process, without which you might incur a \$100 (\$65) "fine" on leaving.

Rule 2: don't stay anywhere but the Rachat Palace Hotel. There are other places, of course, but they are not recommended. The Rachat, part of the luxury-inclined Austrian Marco Polo chain, is splendidly comfortable, has efficient multilingual staff, and is the hub of business contacts.

There are downsides. At \$300 a night for the room, you will not wish to linger. And the hotel's restaurants serve indifferent food. You will be unable to escape paying much less than \$50 a head for tough meat and strange flavours. Vegetarians are not exactly banned, merely des-



handlers without first stipulating exactly how much you will pay. One of our party neglected this rule: it cost him \$40 to have two bags carried 300 paces.

Rule 5 will be familiar to seasoned travellers - watch your stomach. Business meetings and banquets will almost always be rounded off with a host of toasts by hosts. Imported Greek brandy seems the preferred slosh of senior government officials, though unaccommodating Italian wine is also favoured.

Do not be intimidated by dire warnings from lesser travellers that you will be

Inspass is at last being extended, says Amon Cohen

Handy way to bypass US queues

Good news for expatriated business travellers to Miami - legend-Graham Atkinson, United Airlines' Atlantic division vice-president, greets the news enthusiastically. "It takes 20 minutes to register, but it is extremely worthwhile," he says. "I know a dozen frequent travellers who use the system and talk glowingly about how it has eliminated immigration queues for them."

Immigration biometrics are set to spread. British Airways says there are plans to introduce similar systems in the UK, Germany, Canada and Australia. However, BA is concerned that despite the best efforts of the International Air Transport Association to set a world standard, the varying systems might not be compatible.

That could leave travellers having to apply for a separate biometric card for each country that introduces the technology.

"We are asking for a single card scheme for all those countries," says BA.

Russians count on global warming

Western scholars have employed various ways to try and prise open the mystery that is Russia.

Other scholars fixed on Russian leaders' hairstyles as a means of spotting future political stars.

DATELINE Moscow: The weather is the best guide to Russian politics, for in summer the Kremlin's fancy turns to thoughts of reform, writes John Thornhill

It is associated with reaction and repression, especially for the millions dispatched to the gulags in the 1930s.

Whether Russian politicians are hardliners or democrats, they ignore the natural seasons at their peril.

A moment's reflection explains why this strong seasonal political pattern holds true.

beaches. Poets wax lyrical. Teenagers fall in love. The urban population decamps to country dachas to pickle cucumbers.

GKN: David Lees' long goodbye

The group's veteran chairman has always been more than a numbers man. He is a tough and determined strategist, reports Tim Burt

Sir David Lees, the gentlemanly accountant who heads GKN, is hoping to spend more time on the tarmac of the Gay Meadow football ground.

More importantly, perhaps, Sir David decided to focus on three core businesses: manufacturing constant velocity joints on the automotive side.

At various times, communist leaders tried to expropriate the summer for propaganda, though it never really worked.



Sir David wants to be judged on his talent, not his Who's Who entry

NAMES IN THE NEWS

Jarvis adds body to Whitbread's retail strategy

Peter Jarvis, 55, chief executive of Whitbread, has not had much need of his geography degree from Cambridge University.

The acquisition is the latest in a year-long £500m spending spree on acquisitions, which include the US franchise to Marriott hotels.

Schmidt-Chiari in central Europe push

Guido Schmidt-Chiari, boss of Austria's Creditanstalt-Bankverein, is one of the great survivors in Austrian banking.

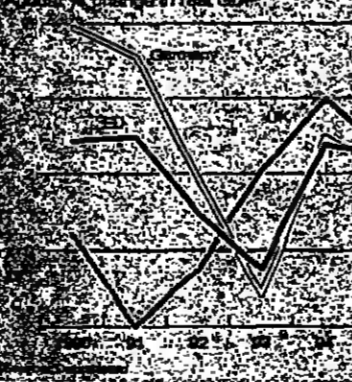
Stephanie Flanders' Economics Notebook

Some history lessons for Emu

The details of Emu will be less vital than the growth that goes with it

Talk to European policymakers and bankers these days and they will tell you that they have stopped wondering whether European monetary union is going to happen.

example of the trouble governments can have in keeping their exchange rate promises when their economies grind to a halt.



The dollar remained convertible into gold, at the same parity, for 34 years (excluding a brief war-time embargo on gold exports).

put before and after the return to gold. But for the UK the 1990s was a period of anemic growth and two outright recessions.

The lesson the economists draw is that "tactics" - announcing and setting the parities, timing the entry, and following consistent macroeconomic policies - may be less important than fundamentals such as the underlying path of output growth.

The pressures which have built up as a result of Europe's recent poor growth may not be of the same order as the horrors of the great depression.

Getting pegged. Comparing the 1879 and 1925 Gold Resurrections. National Bureau of Economic Research, 1050 Massachusetts Avenue, Cambridge MA 02138, US

Table with columns for Year, Price for electricity, and other financial data.

Table with columns for Year, Price for electricity, and other financial data.

idly way bypass queues

Amnon Cohen

Peter Marsh on why some companies are investing in German factories despite recent trends

David Griffith, president of Bridgeport, a US machine-tool company, was left almost speechless by a transatlantic phone call early last year...

When it pays to go against the flow

The president's reaction was predictable. High labour costs and restrictive workplace regulations mean that many international companies are shifting production operations out of Germany...



After explanation, however, the proposed venture began to make sense. The company was planning to buy at a knock-down price one of Europe's most advanced machine-tool factories...

The deal, completed in June last year, underlined some of the advantages for non-German companies of taking over German production assets...

Many European or US industrial managers would share Griffith's initial scepticism. 'The pressures to move out of Germany are astronomical,' says Peter Harrison...

But Roland Berger, chairman of Roland Berger & Partner, a Munich-based consultancy, says such deals can make sense 'either to take advantage of specific client relationships or by getting access to proprietary technologies'...

for final assembly, a much more labour-intensive activity.

This adds up to 'a highly profitable operation', says Taylor. The extra capacity should mean the company can increase its sales in Germany roughly three-fold by the end of the century...

A more striking example of strategic investment in German manufacturing came with the \$13m acquisition last October of Bellino, a car parts company based in Goppingen...

Bellino seemed a good bet to serve as an 'introduction agency' for UPF. It had a track record supplying key parts for companies such as Daimler, Porsche and BMW...

components for the car body. Bellino, with sales of about \$15m a year and 140 workers, also came cheap. Formerly privately owned, it had gone bankrupt in 1993 and UPF bought it from the receiver...

Since the takeover, teams of Bellino-UPF designers and engineers have held meetings with counterparts from the big German car companies, discussing a series of contracts which Schmid believes could be worth about DM15m (\$8.5m) for the company by the end of this year.

Under the UPF plan, orders won by the German 'front end' of the partnership will lead to work being split between Goppingen and the four UK factories, with specific activities such as specialist tooling left to the German operation and assembly-oriented work done in Britain.

German parts of the operation. In Goppingen, the basic shop floor rate is about \$24 an hour, roughly twice that at the company's main UK factory in Wolverhampton...

Evans says that with the one acquisition, UPF 'has moved on five years' in terms of its ability to produce goods for a wider market. From current annual sales for the combined UPF-Bellino group of about \$150m, he forecasts the figure will rise by the end of the decade to between \$370m and \$750m...

Another example of a 'mix-and-match' policy in Germany - taking the best aspects of a manufacturing operation there and integrating it with a non-German activity - involves Lamb Technicon, a US-based maker of automated transfer lines for the vehicle industry.

Last November, Lamb, part of Western Atlas, the second-biggest machine tool company in the US, bought a 49 per cent stake in Honsberg, based in Remscheid, near Cologne, for an undisclosed sum.

Honsberg's speciality is flexible systems for the European vehicle industry for making parts (such as crankshaft castings) in relatively small quantities of about 500 a day.

The 'two-types-of-system' involve different concepts, covering, for example, the design of individual machines for jobs such as automated grinding, and of the specialised handling equipment that they (Honsberg) have were previously unavailable to us,

Tomlinson is to divide his time between Remscheid, Lamb's main base in Warren, Michigan,

and a further production site in Mildenhall, UK. His task will be to feed ideas from all three sites into the development of complete systems for both high- and low-volume applications on both sides of the Atlantic.

AS for the Remscheid operation, which has 370 people and annual production valued at about \$70m, Lamb reckons that the technical edge extended to the company's combined operation should outweigh the disadvantage of the higher labour costs...

Similar reasons for being in Germany are voiced by De La Rue, a UK banknote printing specialist which owns Garmy, a German manufacturer of safes and other security equipment for banks. The safes are made in two factories, in Dortmund and Mordfelden-Waldorf, near Frankfurt, with Garmy's annual sales of DM290m going mainly to German customers.

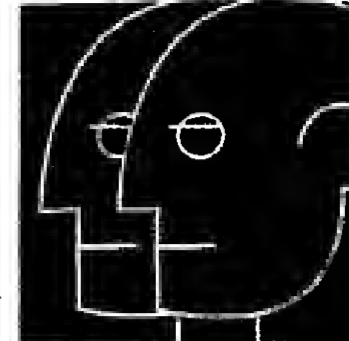
While in theory De La Rue could save money by shifting the factories to locations with lower labour costs, sales to a highly conservative community of German bankers would almost certainly be much lower if the safes were made outside the country, according to Haydn Abbott, managing director of De La Rue's cash systems division.

'In this (German safes) business, all the main competitors are based in Germany, and the benefits of local manufacturing by far outweigh the questions of expense,' says Abbott. However, De La Rue is studying how to cut labour expenses, possibly by closing or scaling down one of the two factories which together employ 500 people.

Perhaps the best of all worlds in terms of manufacturing strategies in Germany is the one employed by BWI, a UK maker of specialist packaging and food and drug production equipment. Last year it bought a half share in Hüttlin, a leader in sophisticated pharmaceutical granulating equipment based in Steinlen, southern Germany.

It employs only 30 people, mainly on research and technology. Its machines are made in 'outsourcing' deals with low-cost subcontractors sometimes outside Germany. Under the terms of the deal, BWI can fully acquire Hüttlin, which has annual sales of \$9m, over the next few years.

Stewart Brown, chief executive of BWI, hopes to use some of the company's ideas in production systems for pharmaceuticals plants involving other parts of BWI. 'It is an ideal acquisition,' says Brown. 'We are buying an excellent technical centre but with little of the high infrastructure costs of Germany.'



PARTNERS Collins & Stewart

Lee Collins, 38, and Andy Stewart, 46, worked together for 15 years at Simon & Coates, then Chase Manhattan, before becoming partners in their own stockbroking firm, Collins & Stewart, in 1991. They have two other partners and 85 employees. Their turnover last year was \$20m (£16.8m).

Lee: 'When we started the business, we agreed to run it equally. In the early days we didn't know whether we'd make money but I had confidence in Andy and the other two partners. They were all very bright, very good money-makers who had been successful in their own right.'

Although we'd worked together at Simon & Coates, Andy's background was in trading, whereas mine was in corporate finance and research. We have totally different styles. He's more aggressive than I am, much tougher, more single-minded. Andy comes to decisions quickly and follows them through, whereas I concern myself with the general consensus and look for a compromise.

Our different approach is cause for discussion rather than conflict. His forte is small print, which is vital in this business. It is the thing that gives you the edge when trading stocks, along with a brilliant trading mind. When we're looking for staff, Andy is interested in the immediate bottom line. I tend to look at what they'll bring to the well-being of the firm as a whole rather than their profit contribution.

Our working patterns are different in that he comes in earlier and I stay later. Our work doesn't overlap yet I respect what he does and vice versa.

Andy: 'Unlike me, Lee is clever academically. He went to Cambridge whereas I joined the City straight from school. He's very laid back, confident and very good at what he does. He's got a head-on, hands-on approach to corporate finance. He has an ability to talk at length to people from all aspects of the community about various things.'

I'm considerably more focused. I'm not alone in sometimes being confused by the length of Lee's telephone calls. His conversations can go on for an hour at a time yet they invariably produce good results.

I find it very difficult to relax, whereas Lee is relaxed all the time. In the 25 years I've known him, he's only ever once told me to ease up. I was running Chase Manhattan at the time and Lee was working as my number two. He could see the pressure was getting to me. It wasn't so much the stock market as the ghastly Americans and all the meetings for meetings' sake.

Meetings are a waste of time yet Lee likes to be able to sit down and discuss things as a group. He has stronger communications skills than I do which is why he's good at corporate finance.

We occasionally have little rows, but neither of us let things fester. Whatever we've disagreed about, it's over that had that we can't sort it out by smiling down to the wine bar afterwards.

Fiona Lafferty

Merits of cross-functional teams

The best argument for using cross-functional teams comes from the use of business games. In one study a business school had marketing, accounts, production and human resource specialists compete in separate groups in a simulated game with a measurable outcome.

The marketing group focused on sales and promotion. It achieved impressive market share but bankrupted itself in doing so. The accountants, ever watchful of the bottom line, minimised investment in production and promotions. They maintained capital but had no new products and slowly faded away.

To everyone's surprise the HR team won. They tinkered around

with the organisational structure and spent money on training. Having not spent money in bankrupting themselves they won by default. The moral of the story: homogeneous teams with similar perspectives tend to be egocentric. Cross-functional teams may be less comfortable but much more effective.

It is a long time since anybody in the UK experienced food or petrol rationing. Some even look back nostalgically to the bureaucratic world of food stamps and ration books that attempted to ensure that scarce goods were equitably distributed. In the world of cyber-bible and consultant jargon perhaps the concept of word-rationing may be useful.

The idea is simple. Every employee is given their ration of over-used, abused or meaningless words per month. Thus you may have four 'empowerments', five



ADRIAN FURNHAM

'paradigms', three 're-engineerings' and six 'diversities'. You may use them when and where you like: a memo, a seminar, an official report; even a casual conversation. But once they have been used up, that's it until your next ration. Of course, black-marketiers exist (called management gurus) who flog these words. But they should be resisted and abusers of the system fined for ration abuse.

There is, by now, fairly substantial agreement about which jobs

are considered to be the sleaziest way to make a living. Bottom of the list used to be journalists, estate agents and used-car-salesmen. But now others such as politicians, TV evangelists and oil or tobacco company executives seem to be competing for the dubious honour.

But what are the occupations we most admire? A recent American study found fire fighters and farmers were at the top. Dentists were above judges and bankers, and plumbers little different from army officers. Taxi drivers rated higher than stockbrokers and lawyers below prison guards and

soap opera stars. American politicians were ranked among the seven least-moral professions in America.

How different would these findings be in Britain? Police officers and bankers appear to have taken a knock recently, but I doubt lawyers are held in such low regard. In the American survey, university professors were sandwiched between babysitters and airline pilots in terms of perceived honesty and integrity. I hope that's a bit different here.

The 'vision thing' as former President Bush memorably put it appears to have reached its sell-by date. At the high point of this missionary zeal every organisation in every department was called into writing and displaying their mission statements. Like traffic wardens, they were truly organisationally ubiquitous.

But what is most curious about this slightly out-dated exercise is that radically different organisations, with very variable products or services, ended up with indistinguishable statements.

A good mission statement should not say what a company must do, but chooses to do. It should not be filled with meaningless, unmeasurable, superlatives such as optimum or maximum. It is no more than hypocritical hype having a mission statement that does not change the behaviour of the organisation measurably. Also, a good mission statement should define the business that an organisation wants to be in, not necessarily what it is in now.

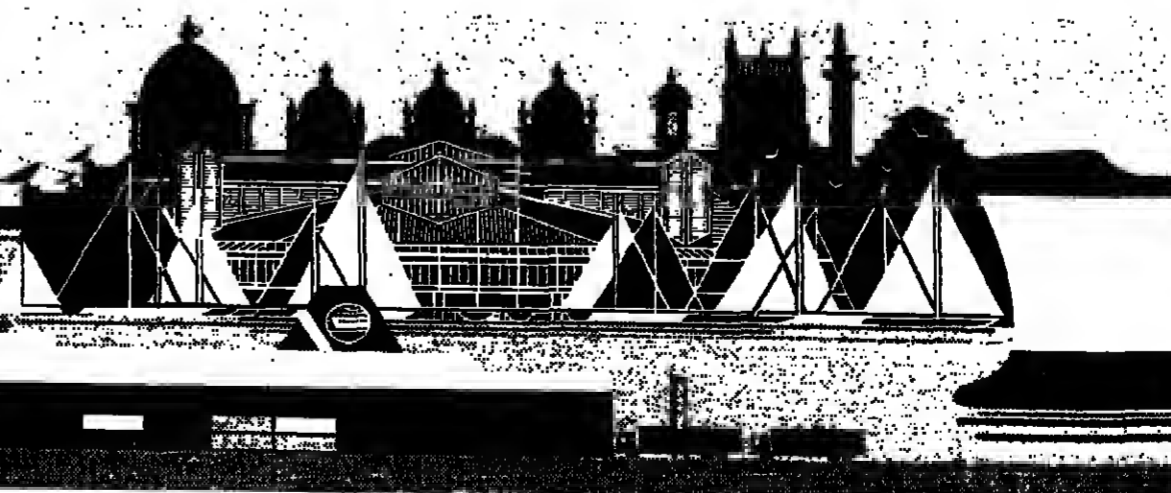
Although it's rather too American and not English, a mission statement needs to be moderately exciting and inspiring. The mission statement 'To get back the Holy Grail' worked well in the Crusades, even if it was ultimately pretty unsuccessful.

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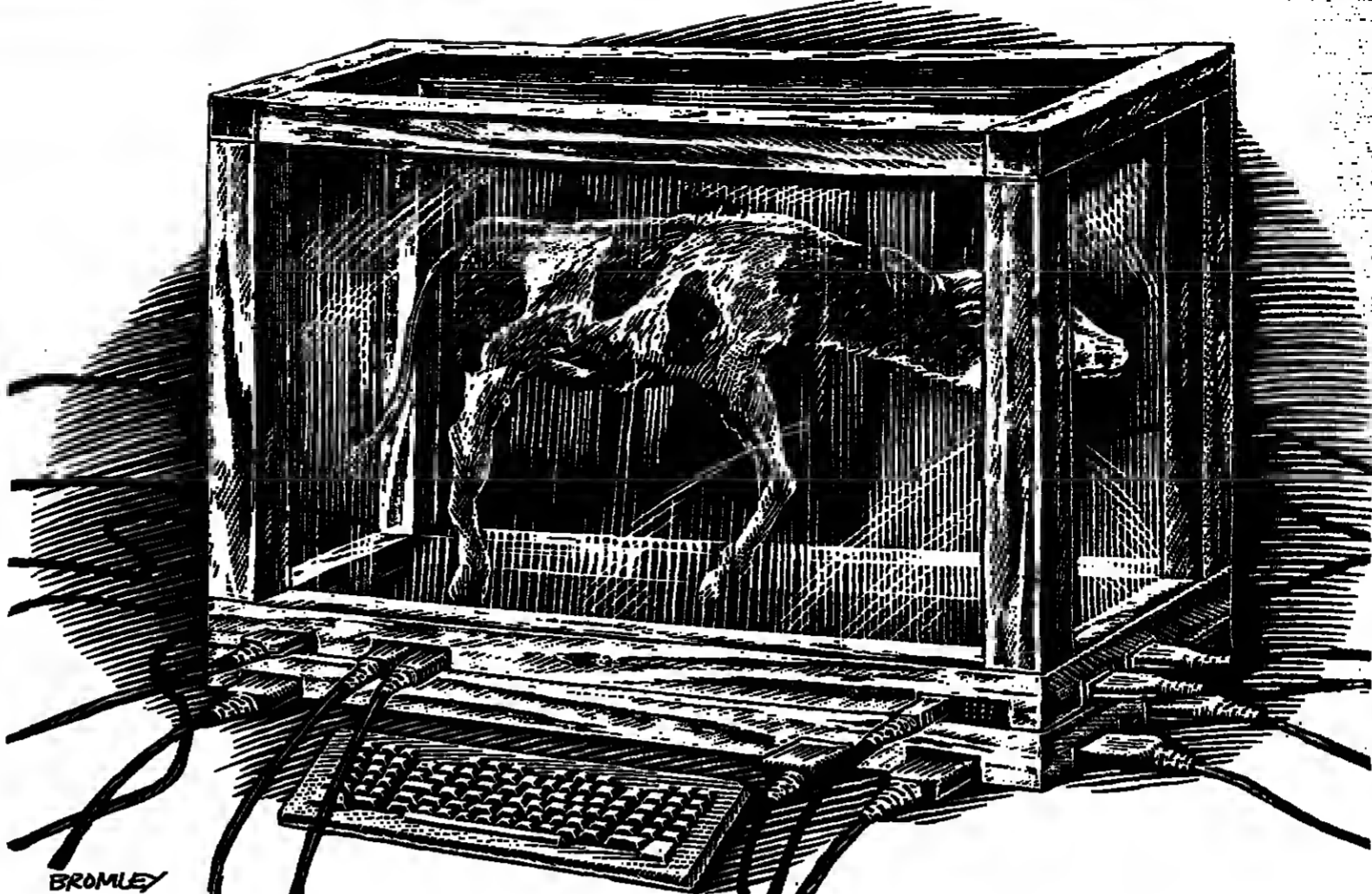
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MEDIA FUTURES

Tim Jackson

Not what you've got but how you use it

Public investment in the Internet, with its twin connotations of progress and technology, is the 1990s version of motherhood and apple pie. Everyone supports it. Those who might be expected to oppose it - workers who will be put out of work, companies whose business will be superseded by cheaper ways of doing things - are rarely awake enough to foresee the effects of such investment. So it was with weariness that I read a report published on the Internet last week by the Science and Technology Select Committee of Britain's House of Lords under the grand title: "Information Society: Agenda for Action in the UK". (www.hmsci.gov.uk/hmsci/document/infor-soc.htm)



Culture is courting the Net

Putting gallery and museum collections online isn't easy, says Alice Rawsthorn

If teachers in Scotland's Western Isles wanted to show their pupils the new displays of post-war English art at the Tate Gallery, they might well haul at the long, costly journey to London. But if Virginia Bottomley, Britain's heritage secretary, has her way, that journey would no longer be necessary. Last week the heritage department raised the prospect of using national lottery funds to make the contents of the UK's museums and art galleries accessible to the public in the form of digitised images on the Internet. An online archive is an appealing concept. It would help museums raise awareness of their collections, including works that cannot be displayed because of lack of space, and enable them to broaden their activities by commissioning new pieces from artists especially for the Internet, or running online debates on bulletin boards. Several US museums and art galleries are already experimenting with Internet projects, as are a few UK institutions. However, some arts administrators doubt the feasibility of launching such an ambitious initiative, given the financial constraints facing many museums and galleries.

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Cyber sightings. Tired of scanning the same gloomy, depressing columns every morning? Well, you're in luck. Try Athens Institute's Positive Press.

neurs. Sponsored by the Emerging Business Consulting Group at Arthur Andersen, it's worth a look. The courts in the Brazilian city of Rio de Janeiro have announced they plan to use the Internet to speed the adoption of orphans and help track missing children.

(www.forniemae.com) has plenty of good background information for anyone interested in housing finance. It also has an analysis of Fannie Mae stock and industry-related news-flash items.

answer a couple of simple questions. It says you can get to see your name in Cyrillie script on the Kremlin wall. Cute, but hardly revolutionary.

The Financial Times plans to publish a Survey on Social Housing on Thursday, September 19. Covering developments within both the Housing Association and Local Authority Housing movements as well as profiling innovative lenders in the face of further cuts in the Government grant.

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COMMENT & ANALYSIS



Michael Prowse • America

Hollywood demons

Politicians are blaming the entertainment industry for debasing the nation's values and undermining social harmony

When President Bill Clinton took office the American people doubted the vitality of the US economy. After four years of steady growth and the creation of an extra 10m jobs, the focus is switching from the material to the spiritual. People are worrying less about productivity and more about values - the intangible codes of conduct that underlie behaviour and determine the quality of social life.

The serious disorder that afflicts US society is increasingly seen as caused not primarily by poverty or other economic factors, but by a breakdown of traditional ethical norms. Changes in social mores, especially in the counterculture years of the 1960s, resulted in an "anything goes" philosophy that contributed directly to the rise in violence, drug abuse, divorce and out-of-wedlock births. Such problems can be tackled, if at all, only by achieving a national moral regeneration.

issue ever since. Mr Clinton recently called on Congress to pass legislation requiring TV sets to contain a V-chip, which allows parents to block offensive material. A few weeks later he huddled with broadcasters into accepting a "ratings system" similar to that of films to rank TV shows for sex, violence and crude language. Finally, last week he obtained agreement that all TV stations would include at least three hours per week of "educational" programmes in their daytime schedules.

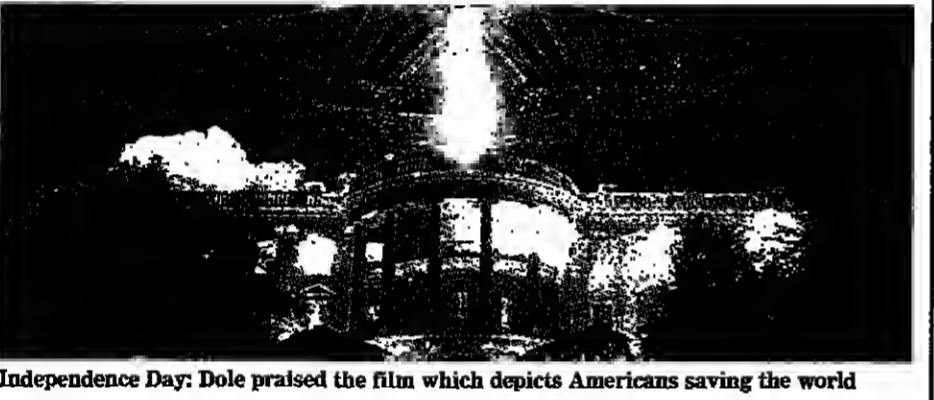
Does the emphasis on values make any sense and can politicians achieve anything worthwhile in this sphere? At some fundamental level, the importance of values is undeniable. If everyone abided by the norms of any of the main religions, most social problems would vanish. People would cease baring others or themselves. And they would rush to help those in distress, eliminating the need for public welfare programmes. If moral standards were sufficiently high, much of the rationale for government of any kind would disappear.

Plato's arguments have been resuscitated by Mr William Bennett, an adviser to Mr Dole and a former education secretary in the Reagan administration. Mr Bennett published his bestselling *Book of Virtues* in 1994 and has since acquired a national reputation as a moral crusader. In a speech in Hollywood earlier this year, Mr Bennett argued that TV writers were disingenuous when they claimed their work had no social consequences because it was pure entertainment. Scripts, he pointed out, were developed by gifted and creative writers to have maximum impact. They were bound to "incline and condition people toward a certain world view".

That world view, he argued, is a crude and destructive form of bedonism. The message conveyed by the US TV and film industries is that the "sumnum bonum of life is self-indulgence, self-aggrandisement, instant gratification; the good life is synonymous with licence

and freedom from all inhibitions." It is hard to show scientifically that TV and films influence the way people think and act. We cannot re-run history to see what would have happened without them. Yet it is absurd to claim that so expressive a medium has no impact: if TV is unable to affect people, learning of any sort would be next to impossible. Given that young people spend more time watching TV than doing anything else (including studying), it is plausible that it does shape their hearts and minds.

But what can a society that values individual freedom do about it? Outright censorship is unacceptable because nobody (Mr Bennett included) has a monopoly on wisdom. Surprisingly, perhaps, the US is reacting in a rational fashion. It is moving, with the V-chip, to protect children from the worst excesses of commercial TV. And politicians are sensibly encouraging a vigorous public debate about values and the influence of the entertainment industry. Over time, public pressure should lead to voluntary changes in the kind of TV shows and films produced, with beneficial social consequences. That, at any rate, is what should happen in a society that values both economic freedom and moral integrity.



Independence Day: Dole praised the film which depicts Americans saving the world

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171 873 5830 (please say fax in time), e-mail: letters.ed@ft.com. Published letters are also available on the FT web site: http://www.ft.com. Translation may be available for letters written in the main international languages.

WTO secrecy creates anxiety

From Mr Jayanti Dural. Sir, We are alarmed that the FT interpreted the recent "de-restriction" of documents by the World Trade Organisation as "encouraging" (Observer "Trading on goodwill", July 29). The general council of the WTO decided on July 18 that documents "in any WTO document series shall be circulated as unrestricted with the exception of documents specified in the Appendix". The all-important appendix includes "working documents in all series (ie draft documents such as agendas, decisions and proposals as well as other working papers)..." [and]

minutes of meetings of all WTO bodies (except the Trade Policy Review Body) including Summary Records of Sessions of the Ministerial Conference". These exceptions mean essential information may only reach the public six months after circulation, if at all. Consumers International, a federation of more than 200 consumer organisations worldwide, has been warning that the veil of secrecy surrounding the WTO compounds public anxiety about supranational rule and discredits the international trading system. It perpetuates the perception that trade agreements are dictated by a

few behind closed doors. The WTO has a direct impact on ever-increasing sectors of our lives and without timely access to relevant information, consumers and other interested parties can have no input in trade discussions and agreements. The WTO is bucking the trend towards open participatory international institutions. Even the World Bank operates on a presumption of disclosure unless there are compelling reasons not to do so. Jayanti Dural, economic affairs officer, Consumers International, 24 Highbury Crescent, London N5 1RX, UK

Illogical ban on shotguns

From Mr Howard San. Sir, Your assertion in your editorial "Ban handguns" (August 1) that shotgun owners should be limited to one gun is specious. Presumably the logic behind the proposed handgun ban is to reduce the potential firepower that a semi-automatic weapon gives to an assailant (thus forcing them to rely on knives, machetes, bombs and flame throwers). By carrying several handguns the number of rounds that can be fired before having to re-load can be increased without a significant weight penalty.

The same cannot be said of shotguns. With their restricted magazine capacity of a maximum of three shots, any potential assailant would find carrying several shotguns impractically heavy and unwieldy. Therefore, such a ban would have no practical advantage, apart from assuaging the vociferous anti-gun movement, and inconveniencing many sportsmen and women who enjoy the sport of shooting. Think before you jerk your knee! Howard San, 17 Rectory Lane, Long Ditton, Surrey KT8 5HS, UK

No threats from Greek shipowners

From Mr John Ad. Hadjipateras. Sir, I refer to your article "Greek shipowners protest at raid by UK tax authority" (August 1) which suggests that Greeks have "issued veiled threats that they may desert the London market..." Although I cannot deny that a recent events, to which these articles refer, have caused considerable concern in the City in general and not only among the members of the London-based Greek

shipping community, which my association, the Greek Shipping Co-operation Committee, represents, it is wrong to state that the members of our community have issued threats. The association between Greek shipping and the London market is not years, but centuries long. I believe that those Greek shipowners who have representative offices in London have benefited and our members are grateful for the hospitality they have enjoyed in the UK.

We like to think that Britain has also benefited from our presence and we hope and trust that this long and mutually beneficial association may continue to flourish in the future. The issue of threats, veiled or otherwise, could not be further from our intentions. John Ad. Hadjipateras, chairman, Greek Shipping Co-operation Committee, 6 Middlesex Street, London E1 7EP, UK

Viviana Durante one of Royal Ballet's greatest assets

From Dr Jörg Schömmelpfenning. Sir, I registered with disbelief that your ballet correspondent, amid his usual - caustic reporting on the Royal Ballet's summer season ("Will the Royal Ballet stand up?", July 31), preferred to turn a blind eye to Viviana Durante's (for the time being) farewell to Covent Garden. Ms Durante has not only been one of the greatest principals this company had in recent times

- far from being just a fine dancer she has unlimited acting talent, which in the end is the very essence of a true ballerina - but she over and over again proved to be a most reliable artist as well. Anna Pavlova is said to have once been told that by dancing she had "made her admirers happy by enabling them to forget for an hour the sadnesses of life". Times have changed, but I should still like to attribute the same ability to Ms Durante's way of performing.

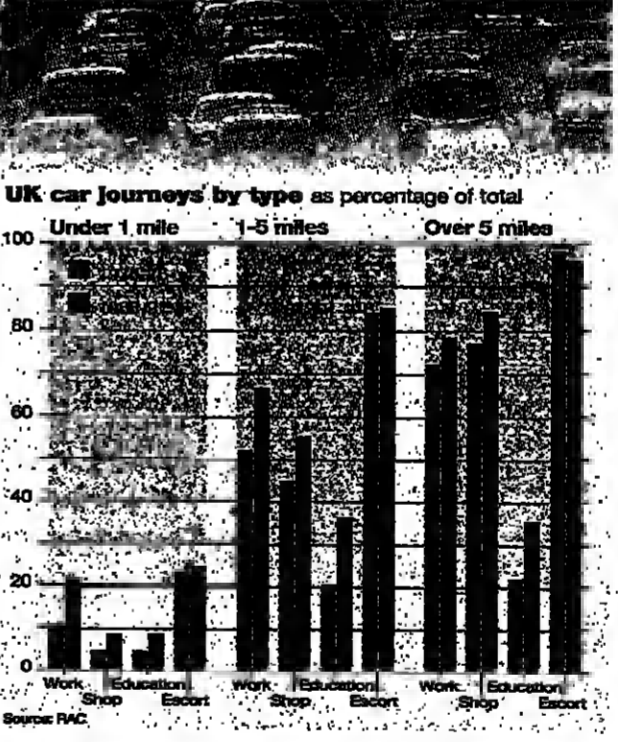
In her final *Marianne* - because of the fundamental differences in ballet vocabulary between the final act and the first two acts this is one of the technically most demanding roles as well - no single step or gesture had a meaning other than in relation to the dramatic situation. It was a wholly believable reading of the role, honouring MacMillan's choreography, and respecting the virtues of

early Romantic ballet the very way Fukine had redefined them. The audience was well aware of the special occasion and its seemingly endless, rapturous applause signalled it wanted not only this night over to end. It was a truly great moment of ballet! Jörg Schömmelpfenning, Natrufer Str. 109, D 49076 Osnabrück, Germany

Race on to clear the air

Drivers must be persuaded to use their cars less, argue Leyla Boulton and Gillian Tett

Vehicles chugging along at a snail's pace, masked cyclists struggling through the traffic, and pedestrians choking on exhaust fumes. These are familiar sights in many European cities as summer hots up. Most UK drivers - 71 per cent - see air pollution and traffic congestion as the greatest problems of road travel. But reducing traffic congestion, the single most important cause of urban air pollution, remains difficult. Stricter emission standards have been drafted in Brussels, but they are unlikely to be sufficient unless drivers reduce the number of trips they make. "Changing driver behaviour is the nub of the matter," says a UK official who is drafting a national strategy for eradicating health threats from air pollution by 2005, due to be published later this month. The strategy will say that cleaner vehicle emission and fuel standards will reduce air pollution significantly over the next decade. But it will also say "planning and other measures which help to reduce the need to travel and reliance on the car" are necessary in the longer term to "avoid the prospects of a upturn in emissions that might occur from about 2010".



European Union car emission and fuel standards - not whether the industry will publish by the European Commission in June - as critical to the success of its air pollution strategy. The standards, drawn up after three years of joint research with the vehicle and oil industries, would cut emissions from vehicles by between 20 per cent and 40 per cent by 2000, equalling Californian standards which are the highest in the world. A second stage would explore going even further, to achieve a 70 per cent reduction in emission levels, by 2010. The cost for the European Union of implementing the measures by 2000 is likely to be about Ecu766m (£610m) a year for the oil sector and Ecu2.4bn a year for car manufacturers. For consumers, this means an increase in average annual petrol bills of just £1.80 in 2000, and a rise in the cost of a medium-sized car by about £180. Efforts to tackle the twin problems of congestion and air pollution have so far concentrated on tightening standards for vehicle emissions and fuel quality. The British government sees the acceptance by the European Council and parliament of the new draft

ered that personal, voluntary change of behaviour was a self-sacrifice which would be ineffective if not undertaken by the majority - which was thought to be unlikely without government action. Mr Charles Secrett, director of Friends of the Earth, the environmental pressure group, says transport policies can change the behaviour of drivers. For example, the London Travelcard which makes travel on buses and trains cheaper and simpler, reduced central London traffic by up to 15 per cent within months of the scheme starting in the early 1980s. Many European countries are considering financial penalties to persuade drivers to leave their cars at home. There are several different schemes, but all would involve charging motorists for using urban roads to reduce their use. However, Mr Jeremy Vanke, policy chief at the Royal Automobile Club, warns that "the only way to make road pricing acceptable is to ensure alternatives are available". The RAC is prepared to see such charges only if the proceeds are used to provide better public transport and to improve the roads. He also warns that there could be a public backlash if government measures are seen as socially unfair. This happened in Norway where charges were made for cars entering Oslo. "Middle-aged gentlemen continue to drive into work," says Mr Vanke, "while mothers with young children, many of whom run cars on a shoestring budget, have been hit." There is growing interest in road charges among local authorities. The Association of Metropolitan Authorities, for example, is to launch a study on how its members might introduce them. There are political obstacles, however, with all parties worried about alienating the voter at the wheel. The UK government and opposition Labour party both include financial incentives to reduce car use in their strategies for dealing with congestion and air pollution. "The Conservatives and Labour are playing the same game," says Mr Vanke. "Neither wants to commit itself at this stage to something that is politically difficult."

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State group aims to be world's largest mobile phone operator

China set to overtake AT&T

By Tony Walker in Beijing

China's state telecommunications monopoly is poised to become the world's largest mobile phone operator within a year, overtaking AT&T of the US, according to the official China Daily newspaper.

lowest rates of telephone coverage in the world - fewer than five telephones per 100 people on average, rising to 13 per 100 in the cities.

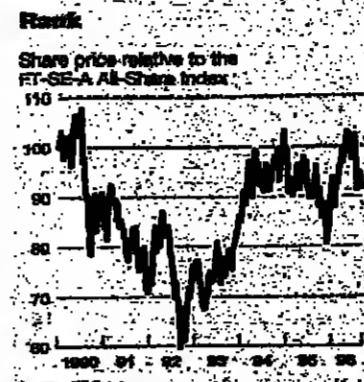
plans to invest \$2bn by the year 2000, producing communications equipment including cellular phones and pagers.

network by China United Telecommunications (Unicom). This is a venture involving the Ministries of Electronics Industry and Railways, and other state entities including the China International Trust and Investment Corporation.

THE LEX COLUMN

German holding hold-up

German companies claim they are becoming more performance oriented: insurance giant Allianz last week joined Daimler-Benz and Deutsche Bank in adopting an explicit return on equity target.



the government to legislate quickly. Still, given the carrot Mr Cruickshank was dangling, BT was quite right to roll over.

Croats under pressure in Mostar

out would further destabilise the Moslem-Croat Federation, a pillar of the Dayton accords. A pull-out would have very serious consequences, not only for Mostar, for the federation, for Bosnian elections and for the Dayton peace plan itself.

UK Labour party dilutes EU social chapter pledge

The UK opposition Labour party is reducing its commitment to introduce the EU social chapter on working conditions if it enters government, saying it will not necessarily accept increased involvement by Brussels in British employment practice.

Concern at Brussels influence on Britain's employment policy

A Labour government, Mr Byers said yesterday, would consult employers and employees on the strategy. "As part of our opt-in we would wish to seek the agreement of companies and workers on a realistic timetable for the implementation of the detailed requirements."

Iran complains to UN over US retaliation threats

region are on the highest state of alert. US forces have received "no direct threat" against a specific target since the bombing, but a pool of intelligence suggests there will be another attack, US military sources said at the weekend.

attacks against American targets. Mr Gingrich, speaking on the CNN television network, singled out Iran for criticism, calling for military action against what he said were 11 Iranian camps where as many as 5,000 terrorists were being trained to attack the US.

of military action in a radio interview on Friday, hinting that the US might attack Iran if investigators determined that Tehran was responsible for the Saudi truck bombing.

FT WEATHER GUIDE Europe today It will be wet in Ireland and western Scotland. The rain will be accompanied by strong winds in northern Ireland and western Scotland. Elsewhere in the British Isles, it will be dry with sunny spells. High pressure will bring sunshine to southern Scandinavia, Germany, the Benelux and northern France. There will be scattered thunderstorms over central and southern France and northern Spain. Showers are expected in the Alps. Eastern Europe and the eastern Balkans will have showers and thunderstorms.

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Rank to aim for £300m in disposals. Rich W. Klein. TI GROUP WORLD LEADERSHIP IN SPECIALISED ENGINEERING. For further information about the TI Group, contact the Department of Public Affairs, TI Group plc, Lambourn Court, Abingdon, Oxon OX14 1UH, England.

COMPANIES AND FINANCE

Salvesen to consider improved Hays bid

By Tim Burt
The board of Christian Salvesen, the distribution group which last week rejected a £1bn (\$1.56bn) takeover approach from Hays, is expected to meet in the next few days to consider an improved offer from its UK rival.

Moreover, Salvesen indicated that it had not been convinced by Hays' claims of strong industrial synergies between the two sides and the promise of a dominant position in continental Europe.

The Surrey-based distribution company was said at the weekend to have not yet "formalised" its offer and described the details of its fresh approach to Salvesen as exploratory.

Its of £76.6m (£77.7m) for the 12 months to March 31, 1996. Mr Ronnie Frost, Hays' executive chairman, last week sent a letter to Sir Alick Rankin, his Salvesen counterpart, in which he is understood to have offered 57 Hays shares and £73.10 in cash for every 86 Salvesen shares.

disclose the contents of its latest approach to Salvesen. But analysts said the company was aware that either it had to increase the offer or walk away.

Dairy Farm director to stand down

By Louise Lucas in Hong Kong

Mr Graeme Seabrook, managing director and group chief executive of Dairy Farm International, the food retailing arm of Singapore-listed Jardine Matheson, is to quit at the beginning of next month.

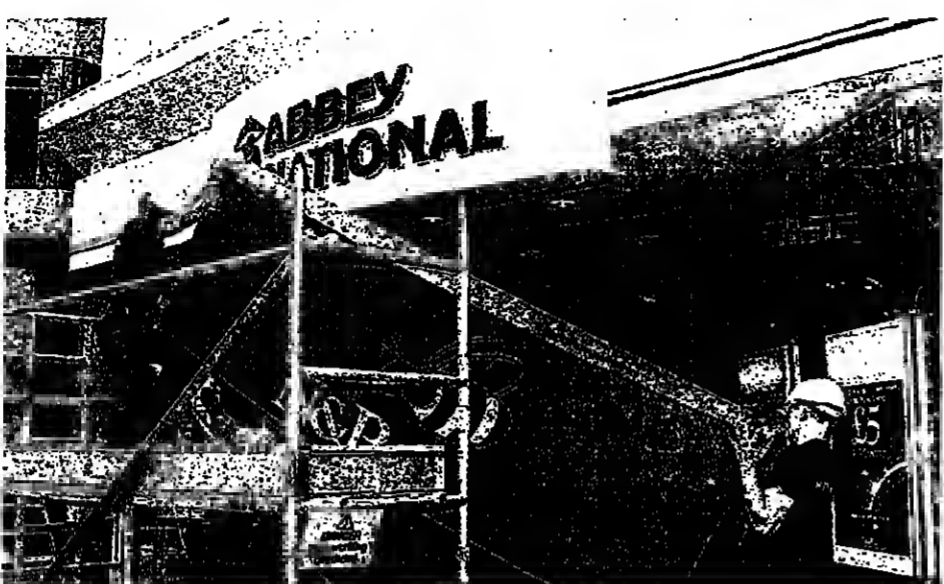
replacement has been recruited. Mr Nelson will also leave Asia - as previously announced - to take up a new position as become regional director (Europe).

Ultra Electronics heads for market

By Tim Burt

Ultra Electronics, a former subsidiary of Dowty Group, announced plans at the weekend to seek a stock market listing valuing the defence and aerospace electronics manufacturer at £120m-£130m (\$187m-£203m).

Equity, will see their 73 per cent stake roughly halved. Ultra, which has a forward order book worth £184m, last year enjoyed a sharp increase in underlying profits from £4.6m to £10.6m on improved sales of £97.3m (£90.3m).



N&P busy bee buzzes off

The busy bee of National & Provincial, which has served its northern constituency for 150 years, disappears today as its £1.35bn (\$2.1bn) takeover by Abbey National becomes official, writes Motoko Rich.

The 125 N&P branches being closed will be directed towards one of the 867 branches in the enlarged Abbey network. Abbey inherits 2.5m customers and lifts its share of the UK retail savings market from some 7.5 per cent to 10 per cent.

Skynet attacks 'spurious' claims

By Clay Harris

Skynet Corporation, a company set up to offer a sophisticated service to track vehicles by satellite, hit back yesterday at a possible challenge to the intellectual property rights to its technology.

Alders close to £23m deal

By Conner Middelmann

Alders, the UK retail group, is close to buying several department stores from Owen Owen, the 13-store chain owned by Mr Philip Green, the retail entrepreneur.

shrewd move in view of the fact that duty-free sales within the European Union will be abolished in 1999. Alders said yesterday that it intends "to return a significant amount" of its £100m cash pile to shareholders.

TI to strengthen Bundy tubes side

By Tim Burt

TI Group, the specialist engineering and aerospace company, is strengthening its Bundy tubing division by acquiring a Brazilian refrigeration components business for £15.5m (\$24.2m).

would enable the group to use Alcan's advanced evaporator systems in all its existing products. The system, known as Roll-Bond, currently accounts for more than 60 per cent of world production for customers such as Whirlpool and Electrolux.

Brunner Mond plans listing

By Conner Middelmann

Brunner Mond, the UK's only manufacturer of soda ash and refined sodium bicarbonate, plans to list its shares on the London market in the autumn, raising about £60m (\$93.6m).

through a buy-out financed by a syndicate of investors led by CVC Capital Partners and Byvest Advisers. Brunner Mond has an 80 per cent share of the UK market for soda ash, which is an important raw material in the manufacture of containers and flat glass, detergents and other chemicals.

Redfearn, Rockware and United Glass, as well as leading detergent manufacturers including Procter & Gamble and Unilever. Brunner Mond is estimating turnover of £128.8m and operating profit of £19.4m for the year ending June 30, 1996.

FINANCE

Why vulture funds are vital to ecology

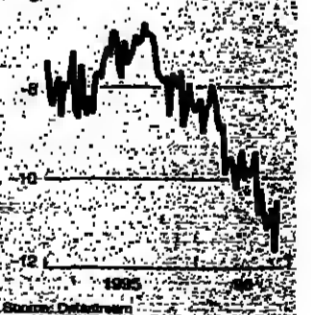
Nicholas Denton reports on the increase in takeover activity for investment vehicles

FUND MANAGEMENT

Henderson Touche Renmant's bid last week for Kepit. Kleinwort Benson's £500m European privatisation trust is the latest in a series of attempts to take over investment vehicles. In May, the £385m (£247m) GT Chile Growth Fund reached agreement with Regent Kingpin, the aggressive investment management group, after a drawn-out struggle.

from 7 per cent a year ago to 11 per cent at present. The Malaysia Equity Fund and GT Chile were both trading at about 20 per cent below net asset value when they were attacked.

Discount to net asset value (%)
The discounts of investment funds largely follow a rhythm of their own, unrelated to underlying markets. Discounts encourage takeovers, which reduce discounts. And some of the funds which have proliferated in the last ten years have come to the end of their natural life.



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FINANCIAL TIMES MARKETS THIS WEEK

ING BANK At Home in Emerging and Capital Markets ING BARINGS

ING BANK At Home in Emerging and Capital Markets ING BARINGS

Global Investor / Gerard Baker

The unwelcome guests

Once again the ghosts of Japan's banks are proving to be unwelcome guests at the stock market feast. An important factor currently holding back the equity market from consolidating gains made earlier in the year is the re-emergence of concern about the condition of the financial sector.

1980s by the fact that it was facilitated, not by a real expansion of the banks' capital base, but by the convenient accretion of only semi-genuine capital.

erated by the realisation of many of the capital gains on equities to cover loan loss write-offs. The combination has put the banks' capital adequacy under severe strain.

Table with 4 columns: Bank, Risk assets, Tier 1 capital, Tier 2 capital, BIS ratio. Rows include City banks, Long-term credit banks, Trust banks, and Total.

from a rights issue, aiming to bolster its BIS capital adequacy ratio from 8.5 to 10 per cent. But the move merely heightened nervousness that most banks will not find the process that easy.

Total return in local currency to 1/8/96

Table with 5 columns: US, Japan, Germany, France, Italy. Rows include Cash, Week, Month, Year, and various bond and equity returns.

just Y100bn, but the hope is that the signal that the authorities are standing by might prove enough to calm investors' fears.

COMPANY RESULTS DUE

Northwest proceeds set to lift KLM profit

KLM Royal Dutch Airlines: Estimates for tomorrow's first-quarter net profits for the Dutch carrier range from F1.94m to F1.255m.

Northwest will add F1205m to net profits. Revenues should rise 8.6 per cent to F12.5b, but operating profit is expected to nearly halve to F1.96m.

benefited from the weaker mark as well as the European launch of its multiple sclerosis drug, Betaferon.

Hoogovens: The Dutch steel and aluminium producer is expected tomorrow to report first-half net profit of F111m.

Hoogovens: The Dutch steel and aluminium producer is expected tomorrow to report first-half net profit of F111m.

imaging business, particularly in the US. The termination in March of its delivery contract with American Healthcare Systems was a blow and led to the company issuing a profits warning.

British Petroleum: After Shell's disappointing second quarter, the market will be wary about BP's three-month results announced tomorrow.

HK\$4.1bn-HK\$5bn, up from HK\$3.6bn. The bank's earnings expectations are in line with growth in the banking sector.

Mitsui Marine 1996



A Message from the President Takeo Inokuchi. During the last business year, premiums in the non-life insurance industry in Japan continued to show a sluggish rise.

relaxed. As a result, insurers can carry on both life-insurance business and non-life insurance business by establishing subsidiaries, as well as introduce insurance brokering systems.

Russian stock on the menu

News that Uralvazvoinform, the Russian telecommunications company, intends to tap foreign investors via American Depository Receipts reflects continuing hunger for Russian equity.

has caused foreign investors to look very closely at company fundamentals before taking on Russian stock.

ment store, Chernogor, the production arm of Sidanko oil company, Mosenergo, the power company for the Moscow region and Severskiy Tube Works, the leading pipe manufacturer - have ADR listings.

and the market better regulated. We believe stock ratings, which have been depressed by uncertainties and lack of transparency, will start to reflect their underlying fundamentals.

FINANCIAL HIGHLIGHTS table with columns for 1994, 1995, 1996 and U.S. dollars in thousands. Rows include Net premiums written, Premiums earned, Net income from underwriting, etc.

Note 1: The above figures have been calculated under the generally accepted accounting principles of the U.S. Note 2: U.S. dollar amounts above have been translated from yen, for convenience only, at the rate of ¥106 = US\$1.

MITSUI MARINE AND FIRE INSURANCE CO., LTD. Copies of the 1996 Annual Report will be available at Harbortrust Bank and our London Liaison Office from mid September.

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FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International National and Regional Indices in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

Table with columns: Country, US Dollar, Euro, Yen, DM, Local, Local %, Gross, US Dollar, Euro, Yen, DM, Local, Local %, Gross. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, USA, etc.

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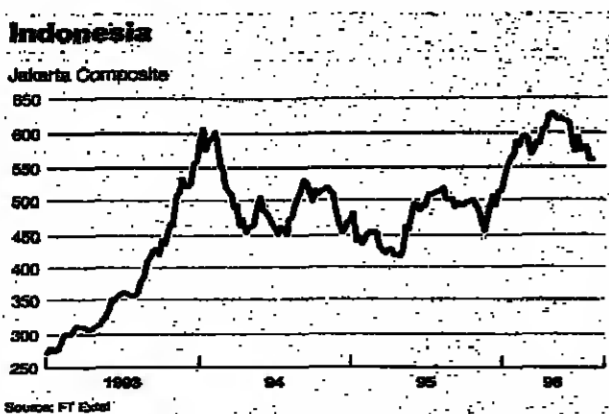
سكرا من الامل

MARKETS: This Week

EMERGING MARKETS By Peter Montagnon, Asia Editor

Tension hits Jakarta markets

Settlement on Jakarta's equity market last week mirrored the tension in the city's streets. The Jakarta Composite index fell nearly 6 per cent at one stage on Monday in the aftermath of the weekend riots.



It recovered progressively as calm returned, and bargain hunting on Friday pushed it up a further 2.2 per cent to close at 500.96, barely changed on a week before.

But analysts agree that political uncertainties will cap any serious rally. Relief came in the unlikely form of a judge's toothache, which caused an adjournment in a high-profile court case brought against the government by Ms Megawati Sukarnoputri, the opposition leader.

Even if he does stand in - and win - the presidential election of 1998, the five-year term is likely to be his last. But Indonesia's last transition 30 years ago was bloody and chaotic, and no one has emerged who could manage this one more smoothly.

History shows that turbulent times are often the best moment to buy equities. Investors, who bought into the Philippines when the military threatened to oust President Cory Aquino or Hong Kong after the Tiananmen Square massacre, stood to make a lot of money.

In Indonesia's case, though, there is less immediate incentive to buy for the long term. Violence could

earnings growth for the market as a whole to be closer to 15 per cent this year rather than the 19 per cent originally forecast.

Indonesia is not exempt from worries about what could happen to emerging markets generally if Wall Street were to peak. The heightened sense of political risk may prevent the establishment of the downward trend in local interest rates in the second half of this year which had been expected hitherto. It could also slow the inflow of foreign direct investment which has become a substantial engine of Indonesian growth.

On its current level of about 15 times, therefore, the equity market does not look particularly cheap. "This is a trading market now, not one that should be bought on fundamentals," says Mr Michael Chambers of GK Goh Omotrac.

A few years ago that would have made it a no-go area for foreign institutions because the market was illiquid, but it matters less now that turnover has increased to levels of up to \$150m a day. Mr Chambers says the bad news is in the price of a number of stocks after earlier earnings downgrades.

But attention is most likely to focus on the larger capital stocks because that is where the best liquidity lies. In this group, many analysts favour the tobacco companies H. M. Sampoerna and Gudang Garam.

By contrast, Telekom and Indosat, the telecommunications companies, look less attractive because the sector is out of favour at the moment. Also the possibility that the government will sell a further tranche of its stake in Telekom means a stock overhang.

Then there is Bimantara Citra, the conglomerate in which President Suharto's second son, Bambang Trihatmodjo, has a controlling interest. Analysts generally say that Bimantara possesses a high quality collection of businesses, including Jakarta's prestige Hyatt Regency Hotel, but it is particularly subject to swings on political sentiment.

INTERNATIONAL BONDS By Matthew Kaminski

Ukraine vows to ease foreign access to debt

The Ukraine government, a late-comer to east European economic reform, has pledged to get its debt market up and running before the end of the year.

A stable local currency and low inflation have attracted interest from investors in the former Soviet Union to Ukraine's high-yielding Treasury bills, which were introduced in March 1995. However, the market's expansion - particularly through increased western participation - has been hindered by the lack of clarity on taxation.

"The more aggressive investors in local currency markets in eastern Europe are getting interested," said Mr David Boren, head of emerging markets research at Salomon Brothers. "A lot of Russians have been active in it for a while."

Domestic commercial banks have exhibited confidence in Ukraine's recent macroeconomic stability. Yields on three-month paper fell from 92 per cent in June to 57.3 per cent last week. With inflation at 0.1 per cent in June and the currency appreciating, yields are quite high in real terms, although below Russian yields. The effective rate of return was 6.16 per cent in June.

Local bankers are betting that the International Monetary Fund will this year be able to rein in the Kiev government's impulse to spend freely before winter - fueling inflation in the process - as has occurred in the past

four years. "Volumes should pick up towards the end of the year because the government has printed all the money it is allowed to and has no other IMF-approved way to cover the budget deficit," said Mr Sergei Manokha, a senior manager at First Ukrainian International Bank.

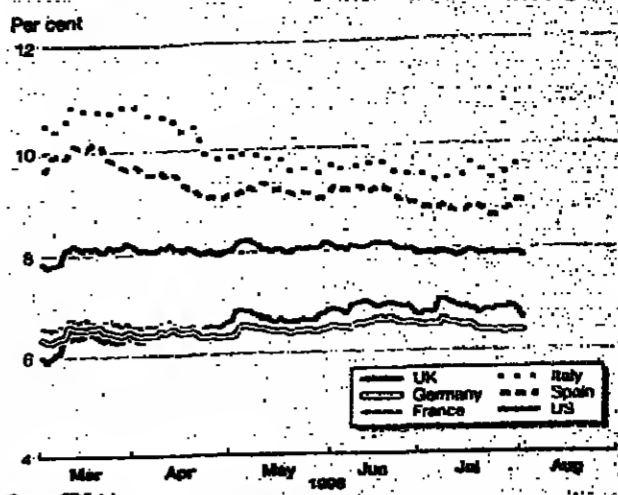
Limited liquidity has been a main drawback for the dozen or so local banks actively trading T-bills: Ukraine's outstanding fixed-income bonds amount to an estimated \$700m equivalent, compared with more than \$240b in Russia. This amount, however, could hit \$2bn by the end of the year. According to Ukraine's 1996 budget, about 32 per cent of the deficit - or 150,000bn karbovanets (\$5m) - will be financed on the domestic bond market.

After raising 65,780b karbovanets on the domestic market in the first half of the year, a central bank official admits that "we are slightly lagging behind schedule".

It comes as a surprise, in these circumstances, that the government has not moved faster to ease foreign access to the market, which should lower yields and increase liquidity. Regulation on taxation and repatriation of profits have been sitting at the ministry of finance for the past year awaiting approval.

Until these regulations are clarified, only grizzled investors from Russia and the

10-year benchmark bond yields



INTEREST RATES AT A GLANCE

Table showing interest rates for USA, Japan, Germany, France, Italy, and UK across various terms: Discount, Overnight, Three month, One year, Five year, Ten year.

(1) France-Reno rate. (2) UK-Share rate. Source: Reuters.

Baltic countries are likely to accept the risks associated with investing in Ukraine. Both domestic and foreign investors are asking for more clarity.

Kazakhstan has seen its yields drop to 30 per cent after eliminating all taxes on government bonds. By contrast, Russian yields, at about 90 per cent, are high as the Moscow government limits foreign entry.

Ukraine's central bank has asked the ministry of finance to set the withholding tax at 15 per cent.

Some analysts suspect Ukraine has deliberately delayed setting the rules because of fears that Russian banks will then swamp the market.

Only local banks, which are small and untested, have dealing licences for the primary market. Foreigners who want to come into the market in any size must go through local banks, whose credit ratings are not very solid, a western banker said.

Infrastructure needs shoring up as well. A secondary market has been established at Kiev's interbank currency exchange, where weekly volumes in June were about \$bn karbovanets but growing. Over-the-counter secondary market trading between banks is significantly larger.

Eager investors believe the kinks can ultimately be worked out to put Ukraine, the biggest European country after Russia, on the financial map.

ING BARING SECURITIES EMERGING MARKETS INDICES

Table showing emerging market indices for World, Latin America, Europe, and Asia, with columns for Index, 2/8/96, Week on week movement, Month on month movement, and Year to date movement.

All indices in \$ terms, January 7th 1992=100. Source: ING Baring Securities.

Liability doubts in German states issue

Plans by German federal states jointly to issue bonds may run into trouble if the question of liability is not addressed satisfactorily, bankers are warning, writes Conner Middleman.

Several states have drawn up plans jointly to issue bonds totalling up to DM4bn, with the first offering expected as early as this week.

By pooling their borrowings, the states hope to raise their profile in the international capital markets ahead of European monetary union, cut funding costs and attract international investors.

However, since the states have not yet published any details about the planned issues, investors remain uncertain about the bonds' likely credit standing.

When the plans were first aired last week, the states said they would not adopt joint liability for the bonds, but that each state would guarantee its own portion of the debt.

Moody's, the ratings agency, has expressed concerns about such "several and proportional" liability. In a report released on Friday, it warned that timely payment of interest and principal could be impaired

by the financial distress of any one obligor.

"A multiplicity of issuers is a double-edged sword from a credit perspective," Moody's said. On the one hand, "an issue backed by more than one obligor has the potential to benefit from the dispersal of credit risk among a number of parties". However, "should one party fail to meet its obligations, the coverage of the resultant shortfall by the remaining parties may be a contentious process, leading to delays in payment and possible impairment to recovery".

But German state officials argue that, even if one of the states were to renege on its obligations, investors are protected by Germany's Finanzsicherung system - the redistribution of tax revenues across states which guarantees even the poorest state per-capita revenue of at least 95 per cent of the national average.

However, such rescue operations may take time and could adversely affect bondholders.

"In a distress scenario, the sourcing of funds through the Finanzsicherung could cause problems with the timing of payment," says Mr Duncan Sankey, vice-president at Moody's.

NEW INTERNATIONAL BOND ISSUES

Table listing new international bond issues with columns for Issuer, Amount, Maturity, Coupon, Price, Yield, Launch spread, and Book-runner.

Advertisement for Brad Limited 11% Secured Notes Due 2006, featuring logos for NOMURA and Republic New York (U.K.) and text about the swap transaction provided by Republic National Bank of New York.

Advertisement for Brad Limited 9% Secured Notes Due 2006, featuring logos for Republic National Bank and Republic New York (U.K.) and text about the swap transaction provided by Republic National Bank of New York.

Advertisement for EUROFIMA, European Company for the Financing of Railroad Rolling Stock, with contact information for Les Echos.

Advertisement for THE EGYPT TRUST, Placing of up to 10,000,000 shares of US\$2 each at US\$10 per share by SBC Warburg Lazard Capital Markets, featuring the IFC logo.

Handwritten Arabic text: صكنا من الامل

صكبان الامل

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for Country, Closing mid-point, Change on day, Bid/offer spread, Day's mid high/low, One month Rate, Three months Rate, One year Rate, Bank of England Index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for Country, Closing mid-point, Change on day, Bid/offer spread, Day's mid high/low, One month Rate, Three months Rate, One year Rate, J.P. Morgan Index.

WORLD INTEREST RATES

Table with columns for Country, Over night, One month, Three months, Six months, One year, Lmb. rate, Dis. rate, Repo rate.

CROSS RATES AND DERIVATIVES

Table with columns for Country, Bid/offer, DM 125,000 per DM, DM 125,000 per SF, Yen 125 per Yen 100, DM 125,000 per C\$, Yen 125 per Yen 100.

FT GOLD MINES INDEX

Table with columns for Country, Aug 2, % chg, % of gold, % of production, % of reserves, % of workforce.

MONEY RATES

Table with columns for Country, Over night, One month, Three months, Six months, One year, Lmb. rate, Dis. rate, Repo rate.

EXCHANGE CROSS RATES

Table with columns for Country, Bid/offer, DM 125,000 per DM, DM 125,000 per SF, Yen 125 per Yen 100, DM 125,000 per C\$, Yen 125 per Yen 100.

FT GUIDE TO WORLD CURRENCIES

Table with columns for Country, Bid/offer, DM 125,000 per DM, DM 125,000 per SF, Yen 125 per Yen 100, DM 125,000 per C\$, Yen 125 per Yen 100.

EURO CURRENCY INTEREST RATES

Table with columns for Country, Short term, 7 days notice, One month, Three months, Six months, One year.

UK GILTS PRICES

Table with columns for Name, Price, % of amt, Interest, Last bid, Issue date, Maturity date.

UK INTEREST RATES

Table with columns for Instrument, Over night, 7 days notice, One month, Three months, Six months, One year.

BANK RETURN

Table with columns for Banking Department, Assets, Liabilities, Reserves, Other accounts.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns for Term, Total applications, Total allocated, Unallocated, Abatement of bid.

BASE LENDING RATES

Table with columns for Bank, Rate, Term, Bank, Rate, Term, Bank, Rate, Term.

UK GILTS PRICES

Table with columns for Name, Price, % of amt, Interest, Last bid, Issue date, Maturity date.

STOCK INDICES

Table with columns for Index Name, Aug 2, Aug 1, Jul 31, Jul 30, Jul 29, High, Low.

UK GILTS PRICES

Table with columns for Name, Price, % of amt, Interest, Last bid, Issue date, Maturity date.

RIGHTS OFFERS

Table with columns for Issue, Amount, Latest price, Offer date, High, Low, Stock, Closing price.

UK GILTS PRICES

Table with columns for Name, Price, % of amt, Interest, Last bid, Issue date, Maturity date.

BASE LENDING RATES

Table with columns for Bank, Rate, Term, Bank, Rate, Term, Bank, Rate, Term.

UK GILTS PRICES

Table with columns for Name, Price, % of amt, Interest, Last bid, Issue date, Maturity date.

STOCK INDICES

Table with columns for Index Name, Aug 2, Aug 1, Jul 31, Jul 30, Jul 29, High, Low.

Mark bond yields

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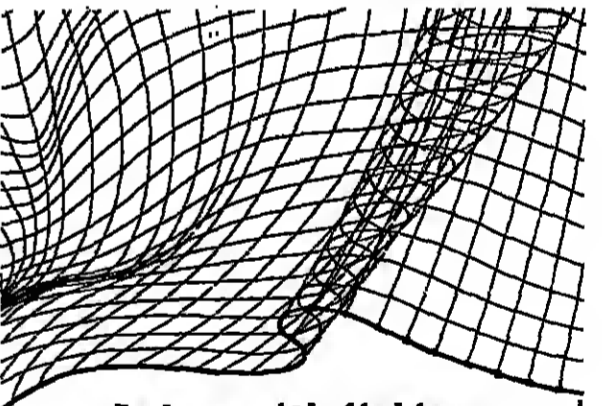
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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing alcoholic beverage companies and their share prices.

CHEMICALS - Cont.

Table listing chemical companies and their share prices.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing electronic and electrical equipment companies and their share prices.

EXTRACTIVE INDUSTRIES - Cont.

Table listing extractive industries companies and their share prices.

HOUSEHOLD GOODS - Cont.

Table listing household goods companies and their share prices.

INVESTMENT TRUSTS - Cont.

Table listing investment trusts and their share prices.

BANKS, MERCHANT

Table listing banks and merchant companies and their share prices.

BANKS, RETAIL

Table listing banks and retail companies and their share prices.

DISTRIBUTORS

Table listing distributor companies and their share prices.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants and their share prices.

BUILDING & CONSTRUCTION

Table listing building and construction companies and their share prices.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies and their share prices.

ENGINEERING

Table listing engineering companies and their share prices.

INSURANCE

Table listing insurance companies and their share prices.

FOOD PRODUCERS

Table listing food producer companies and their share prices.

INSURANCE

Table listing insurance companies and their share prices.

INVESTMENT TRUSTS

Table listing investment trusts and their share prices.



ENGINEERING - Cont.

Table listing engineering companies and their share prices.

FOOD PRODUCERS - Cont.

Table listing food producer companies and their share prices.

ELECTRICITY

Table listing electricity companies and their share prices.

BUILDING MATS. & MERCHANTS

Table listing building materials and merchant companies and their share prices.

ELECTRONIC & ELECTRICAL EQPT

Table listing electronic and electrical equipment companies and their share prices.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies and their share prices.

GAS DISTRIBUTION

Table listing gas distribution companies and their share prices.

HEALTH CARE

Table listing health care companies and their share prices.

EXTRACTIVE INDUSTRIES

Table listing extractive industries companies and their share prices.

HOUSEHOLD GOODS

Table listing household goods companies and their share prices.

CHEMICALS

Table listing chemical companies and their share prices.

INV TRUSTS SPLIT CAPITAL

Table listing investment trusts with split capital and their share prices.

صكنا من الامل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table with columns for company names, prices, and financial data under the heading 'INV TRUSTS SPLIT CAPITAL - Cont.'

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for company names, prices, and financial data.

INVESTMENT COMPANIES

Table listing investment companies with columns for company names, prices, and financial data.

LEISURE & HOTELS

Table listing leisure and hotels companies with columns for company names, prices, and financial data.

LEISURE & HOTELS - Cont.

Table listing leisure and hotels companies (continued) with columns for company names, prices, and financial data.

LIFE ASSURANCE

Table listing life assurance companies with columns for company names, prices, and financial data.

MEDIA

Table listing media companies with columns for company names, prices, and financial data.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for company names, prices, and financial data.

OIL INTEGRATED

Table listing oil integrated companies with columns for company names, prices, and financial data.

OTHER FINANCIAL

Table listing other financial companies with columns for company names, prices, and financial data.

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued) with columns for company names, prices, and financial data.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging and printing companies with columns for company names, prices, and financial data.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for company names, prices, and financial data.

PROPERTY

Table listing property companies with columns for company names, prices, and financial data.

PROPERTY - Cont.

Table listing property companies (continued) with columns for company names, prices, and financial data.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued) with columns for company names, prices, and financial data.

SUPPORT SERVICES

Table listing support services companies with columns for company names, prices, and financial data.

PROPERTY - Cont.

Table listing property companies (continued) with columns for company names, prices, and financial data.

RETAILERS, FOOD

Table listing food retailers with columns for company names, prices, and financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for company names, prices, and financial data.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued) with columns for company names, prices, and financial data.

SUPPORT SERVICES

Table listing support services companies with columns for company names, prices, and financial data.

WATER

Table listing water companies with columns for company names, prices, and financial data.

AIM

Table listing AIM companies with columns for company names, prices, and financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) with columns for company names, prices, and financial data.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for company names, prices, and financial data.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for company names, prices, and financial data.

TOBACCO

Table listing tobacco companies with columns for company names, prices, and financial data.

TRANSPORT

Table listing transport companies with columns for company names, prices, and financial data.

WATER

Table listing water companies with columns for company names, prices, and financial data.

AIM

Table listing AIM companies with columns for company names, prices, and financial data.

AMERICANS

Table listing American companies with columns for company names, prices, and financial data.

CANADIANS

Table listing Canadian companies with columns for company names, prices, and financial data.

SOUTH AFRICANS

Table listing South African companies with columns for company names, prices, and financial data.

GUIDE TO LONDON SHARE SERVICE

Notes for the London Share Service delivered by FT... Guide to London Share Service...

From automotive to automation, Rockwell gets your business moving. Rockwell logo and text.

Large table on the right side of the page containing various financial data, company names, and prices under various section headers.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds including Lloyds Intl Money Market Fund Ltd, Fidelity Currency Funds, and others with columns for Name, Value, and other metrics.

BERMUDA (REGULATED)**

Table listing regulated offshore funds including Aristocrat Capital Management Ltd, Bermuda Intl Investment Management Ltd, and others.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey SIB-recognized funds including Jersey Intl Investment Management Ltd, Jersey Intl Investment Management Ltd, and others.

GUERNSEY (REGULATED)**

Table listing regulated Guernsey funds including Jersey Intl Investment Management Ltd, Jersey Intl Investment Management Ltd, and others.

IRELAND (REGULATED)**

Table listing regulated Irish funds including LIT Asset Management Ltd, Tilly (Ireland) Ltd, and others.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man SIB-recognized funds including Jersey Intl Investment Management Ltd, Jersey Intl Investment Management Ltd, and others.

ISLE OF MAN (REGULATED)**

Table listing regulated Isle of Man funds including Jersey Intl Investment Management Ltd, Jersey Intl Investment Management Ltd, and others.

OFFSHORE FUNDS

Large table listing various international and offshore funds from companies like Guinness, Scottish Amicable, and others, with columns for Name, Value, and other metrics.



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Offshore Funds and Insurances

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Main table containing fund names, descriptions, and prices. Columns include fund name, description, and price. Funds listed include: Paragon UT Range (Jersey) Ltd, The Paragon Fund Limited, Royal City of London FT Range (Jersey) Ltd, WBS Asset Management (SIB RECOGNISED), LUXEMBOURG (SIB RECOGNISED), and various international and domestic equity and bond funds.

OFFSHORE INSURANCES

Table listing offshore insurance companies and their services. Includes company names like AXA Equity & Life, and descriptions of their insurance products.

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

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Table listing various fund categories including Old Mutual International, Alpha Fund Management, Credit Investment Funds, and others. Columns include fund name, price, and other details.

Table listing various fund categories including Global Asset Management, Global Opportunities Fund, and others. Columns include fund name, price, and other details.

Table listing various fund categories including South Barley Funds, Pacific Growth Funds, and others. Columns include fund name, price, and other details.

Advertisement for SAAB 'An intelligent investment' featuring a car image and text describing the investment system's capabilities.

OTHER OFFSHORE FUNDS

Table listing various offshore fund categories including ATP Management, AIA Asset Management, and others. Columns include fund name, price, and other details.

Handwritten text in Arabic script: 'صداق الراجح'

MANAGED FUNDS NOTES: A section providing detailed information and disclaimers regarding the managed funds service.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

Table listing stock prices for various European countries including Austria, Germany, France, and Italy.

EUROPE (continued)

Table listing stock prices for European countries including Greece, Ireland, and the UK.

EUROPE (continued)

Table listing stock prices for European countries including Belgium, Denmark, and Spain.

EUROPE (continued)

Table listing stock prices for European countries including Finland, Portugal, and Switzerland.

EUROPE (continued)

Table listing stock prices for European countries including the Netherlands and Turkey.

EUROPE (continued)

Table listing stock prices for European countries including the Netherlands and Turkey.

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Table listing stock prices for European countries including the Netherlands and Turkey.

EUROPE (continued)

Table listing stock prices for European countries including the Netherlands and Turkey.

Advertisement for Peregrine, a leader in Asian corporate and project finance, direct investment and asset management.

EUROPE (continued)

Table listing stock prices for European countries including the Netherlands and Turkey.

EUROPE (continued)

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INDICES

Table of stock indices for various countries including Argentina, Australia, Canada, France, Germany, Hong Kong, India, Japan, Korea, Malaysia, Mexico, New Zealand, Norway, Philippines, Portugal, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, USA, and West Germany.

US INDICES

Table of US stock indices including Dow Jones, S & P 500, NYSE Comp, and various industry indices.

ASIA

Table of Asian stock indices including Australia, Hong Kong, India, Japan, Korea, Malaysia, Mexico, New Zealand, Norway, Philippines, Portugal, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, USA, and West Germany.

AFRICA

Table of African stock indices including South Africa.

AMERICA

Table of American stock indices including Canada and Mexico.

Notes and footnotes regarding the data, including information about the FT 100 index and other market details.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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4 pm close August 2

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, and change. Includes sub-sections for 'Continued from previous page' and 'T'.

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, and change. Includes sub-sections for 'T', 'U', and 'V'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, and change. Includes sub-sections for 'W', 'X', 'Y', and 'Z'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, and change. Includes sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', and 'Z'.

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AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, and change. Includes sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', and 'Z'.

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Large advertisement for 'turkey.' featuring the text 'Have your FT hand delivered in turkey.' and 'Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.' Includes contact information for Dinya Super Dagitim AS.

FT GUIDE TO THE WEEK

MONDAY 5

Korean presidents' trial

The trial for sedition of South Korean presidents Chun Doo-hwan and Roh Tae-woo is scheduled to end. Prosecutors are expected to ask for the death penalty...

Sao Paulo curbs car use

Brazilian motorists in traffic-clogged Sao Paulo, the largest and most polluted city in South America, must leave their cars at home one day a week from today until the end of the month...

Returning for 10m videos

Work starts on returning nearly 10m videos and television sets in the UK, in preparation for the launch of Channel 5, the terrestrial television channel...

Bosnian poll deadline

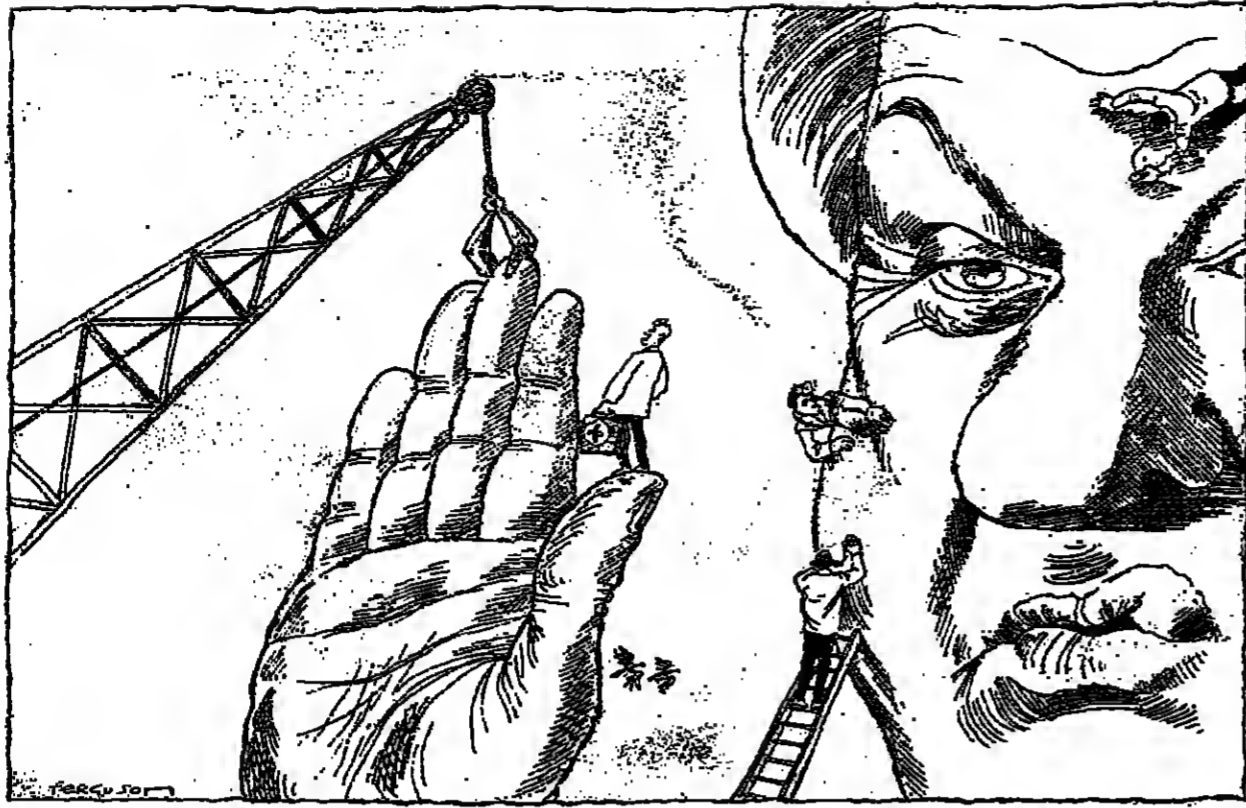
Electoral registration closes for Bosnians living outside the former Yugoslav republic who intend to vote in the September elections...

Building society subsumed

After 150 years of northern thrift, National & Provincial, until today the UK's seventh-largest building society, disappears as a brand as it is formally subsumed into Abbey National...

Public holidays

Australia (New South Wales and Northern Territory), Bangladesh, Canada (Quebec), El Salvador, Irish Republic, Scotland, Bahamas.



Full support: Boris Yeltsin is sworn in as Russian president on Friday, but attention will be focused as much on his health as the pomp

TUESDAY 6

Buenos Aires gains mayor

Fernando de la Rúa, a member of Argentina's Radical party, takes over as the first elected mayor of Buenos Aires after his resounding victory in May elections...

Japan bomb anniversary

In the week of the 51st anniversary of the dropping of atomic bombs on Hiroshima and Nagasaki, the Japanese mark the occasion with traditional solemnity...

Olympic show in Athens

Athens stages an extravagant official welcome for Greece's eight Olympic medalists at Atlanta. The country is celebrating its best performance in the Olympics with an event which will

UK water company in court

The UK Department of the Environment takes South West Water, one of the UK's nine privatised water and sewerage companies, to court for the alleged contamination of its water supplies...

Rowing

World championships, Strathclyde, Scotland (to Aug 11).

Equestrianism

Dublin Horse Show, Ireland (to Aug 11).

Public holidays

El Salvador, Bolivia, Grenada, United Arab Emirates, British Virgin Islands.

WEDNESDAY 7

Gambia democracy vote

Gambians vote on a new constitution to prepare for the return of democratic rule. Captain Yaya Jammeh, who leads

the country's military regime, has promised to lift a ban on political parties following the poll in order to prepare for a presidential election on September 11...

Communists reorganise

Russia's Communists are holding a congress in Moscow to remodel themselves as a coalition of communist and nationalist forces, following their candidate's loss in the presidential election last month...

UK inflation report

The Bank of England publishes its quarterly report on the outlook for UK inflation. Eddie George, the governor of the Bank, disagreed with the chancellor's decision to cut interest rates to 5.75 per cent on June 5...

Public holidays

Colombia, Ivory Coast, British Virgin Islands, St Lucia, Western Samoa.

THURSDAY 8

Argentine strike called

The CGT trades union congress is calling a general strike to protest against measures aimed at cutting workers' pay, through ending tax exemption on luncheon and supermarket vouchers and trimming wage supplements...

Cricket

Second Test, England v Pakistan. Headingley, Leeds (to Aug 12).

Golf

US PGA championship, Louisville, Kentucky (to Aug 11).

Public holidays

Iraq, Tanzania.

FRIDAY 9

Yeltsin inauguration

In the first ceremony of its kind, Boris Yeltsin is to be inaugurated as president of Russia after his decisive victory in elections last month. Senior foreign dignitaries and the presidents of most of the Commonwealth of Independent States will watch Mr Yeltsin sworn in for a four-year term...

Public holidays

Singapore, South Africa, Ecuador.

SATURDAY 10

Ulster Protestants march

Northern Ireland faces further sectarian clashes when local Catholic nationalists seek to oppose a Protestant march by the Apprentice Boys in Londonderry, marking the siege of the city by the Catholic forces of King James II in the 17th century. Local politicians and churchmen have attempted to mediate a compromise...

New president for Ecuador

Ahtala Bucaram takes office as Ecuador's president after his surprising eight-point victory in the July 7 election. The 44-year-old populist ran a

virulent campaign, with attacks on the concentration of political and economic power, promises of more houses, basic services, health and education, and a continued role for the state as employer of poor voters...

Athletics

IAAF grand prix meeting, Monte Carlo.

SUNDAY 11

Perot seeks nomination

Ross Perot, the Texas millionaire, and Richard Lamm, the former Colorado state governor, seek the nomination of the Reform party as US presidential contender. The two candidates put their case to a convention in Long Beach, California, after which voting takes place by a postal ballot of the party's 1.3m members...

Edinburgh festival opens

The 50th Edinburgh International Festival opens. Among the artists appearing over the next three weeks are the Mark Morris and Pina Bausch dance companies and the Russian National Orchestra. In the theatre programme there are new productions by Robert Wilson. Edinburgh also plays host to the Fringe - with more than 9,000 performers in 14,000 productions - a film festival and a television festival.

Mugabe marks Heroes' day

Robert Mugabe, the president of Zimbabwe, marks Heroes' day with his customary address. Surrounded by giant bronze statues and panels, Mr Mugabe has previously used the occasion to launch attacks on whoever is unpopular with the ruling party. Last year he denounced homosexuals as "lower than dogs and pigs" and is expected to return to the issue following a ban on gay-rights organisations last month.

Athletics

Bupa International meeting, Sheffield, England.

Motor racing

Hungarian grand prix, Budapest.

Public holiday

Zimbabwe.

Compiled by Nick Moyhew-Smith. Fax: (+44) (0)171 873 3194.

ECONOMIC DIARY

Statistics to be released this week

Table with columns for Day Released, Country, Economic Statistic, Median Forecast, Previous Actual, and Day Released, Country, Economic Statistic, Median Forecast, Previous Actual.

Other economic news

Monday: UK factory output is thought to have risen in June, having stagnated during May as companies shed stocks of unsold goods. Inflation in Italy is thought to have edged down a little last month.

Tuesday: Unemployment in western Germany is forecast to have risen a little faster last month than it did in June. Growth in Canadian labour income is believed to have slowed in May.

Wednesday: Annual growth in US consumer credit is expected to have decelerated in June, with credit card use remaining under downward pressure. Retail sales growth in the Netherlands is thought to have slowed in June.

Thursday: The board of the Swedish Riksbank meets. The unemployment rate in Australia is thought to have risen last month, with the same rate of Denmark in June. Mexico's trade surplus should meanwhile have risen in June.

Friday: US producer price inflation is forecast to have continued accelerating in July. Unemployment is thought to have been stable in Switzerland.

- ACROSS: 1 Stock controller's pen (6), 4 Scope for capital growth (5), 9 Change colour? (6), 10 Old soldiers scared to get involved (8), 12 Nevertheless, netting first and last service (8), 13 Information a girl found in Switzerland (6), 15 Wrestling with a problem, love? (4), 16 The greatest amount of pride? (5,5), 19 Work on site can cause obstruction (10), 20 Slight damage to essential part of computer (4), 23 One's doctor gives one two notes to take in (6), 25 Main line terminals? (8), 27 Music of the Depression? (5,5), 28 Rob irregular corporal of horse (6), 29 Intend to go into action despite loss of rank (8), 30 Contact these to see touching spectacles (8)

- DOWN: 1 Lettuce goes down for pets (7), 2 Did it show the way to Making? (6,3), 3 Unwilling to make up a piece of poetry (6), 5 It's still a female name (4), 6 Press for a reduction? (8), 7 Love to have a tea break about five. Like an egg? (5), 8 It involves a rubber as games need revising? (7), 11 Comes into service? (7), 14 Gives voice and breaks the tension (7), 17 The followers stand here when assembled (9), 18 She is a beautiful Italian (8), 19 Possibly time to take a large number left out (7), 21 Dawn's arms (7), 22 Rare title with a sweetheart (9), 24 Variety of amber or yellowish fish (6), 26 Nothing more than two notes (4)

MONDAY PRIZE CROSSWORD No.9,138 Set by DANTE. A prize of a Pullman New Classic 860 football pan for the first correct solution... Includes crossword grid and solution.

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JOTTER PAD. A small advertisement for a notepad.

Large vertical advertisement on the right side of the page, partially cut off, featuring the word 'FIN' and 'Digital'.